

Income Tax Amendment

before long. Perhaps the minister would indicate whether these amendments have been prepared to take care of different situations between now and the time the recommendations of the Carter commission are put into effect or until a completely new approach is adopted in respect of federal-provincial tax sharing.

The minister also referred to what he called miscellaneous amendments. On looking through the bill I found several things which might fall into this general category. Last night the minister mentioned certain amendments relating to the Canadian Vessel Construction Assistance Act and indicated that they did not all appear together in the bill. I am wondering whether, during the clause by clause study of the bill in committee, we will consider the various categories of amendments in sequence.

I do not intend to say anything more about the bill at this time except that it would be helpful if the minister would reply to the three general questions I have raised.

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I regret that I must introduce a rather harsher note than has been sounded by either of the last two speakers representing the New Democratic Party and the Social Credit party, but I find after studying this bill that it contains features which are so objectionable that they render the bill, whatever its primary objective may have been, unacceptable in principle.

The minister has explained that in so far as deferred profit sharing plans are concerned a part of the bill is intended to plug loopholes and to eliminate abuses. One cannot take issue with that objective. If a responsible minister finds that certain schemes introduced to enable taxpayers and their employers to enter into desirable arrangements are, because of some loosely worded legislation, being used for other purposes than those for which the legislation was enacted, resulting in substantial losses to the treasury, I do not think any responsible legislator could take objection to the plugging of the loopholes. Legislation to prevent abuse is one thing, but the enactment of retroactive legislation having the effect of making illegal today a whole arrangement that was legal, proper and approved by the minister yesterday, is another thing. I object very strenuously to the principle of making criminals out of Canadians by retroactive legislation. My very strong belief is that only the courts can decide whether or not Canadians are guilty of criminal offences.

[Mr. Olson.]

This legislation at least opens the door, if it does not accomplish it in actual fact, to a situation whereby a profit sharing scheme worked out under legislation in effect until now, and approved by the minister and registered, becomes illegal. This legislation does more than plug loopholes which may have existed. I have read the bill several times and have read the minister's statement and it may be that I am wrong in my analysis of the effect of this legislation. If I am I will be glad to have my error pointed out. However, because I believe I am right in this regard I feel I must oppose the bill.

Not only does the bill state that a plan must not in future acquire certain heretofore approved securities and investments, now to be called non-qualified investments it must also divest itself of securities of this type acquired yesterday, notwithstanding the fact that the minister approved of such acquisition. In other words, a plan must not only refrain from making this type of investment in the future, it must dispose now of previous investments, and will be subject to the imposition of tax on parts of the proceeds.

Apparently the minister does not disagree with that analysis of the provisions of the bill. Taxpayers who have entered into this kind of an arrangement, under which certain securities were acquired for purposes of an approved profit sharing plan, are now told that what they have done, notwithstanding the formality of approval, will be illegal as from now on and that what was done legally must be undone. These people who acquired these securities, under arrangements which provided that tax on income would be deferred until the plan went into effect and profits were distributed to employees, are now required to dispose of them tomorrow, and they will be required to pay taxes on part of the proceeds of disposal.

Surely this is an exemplification of an aggressive bureaucracy reaching out to take into the coffers of government the proceeds of the sale of taxpayers' property which they are now compelled to dispose of, although they never had any intention of using this property in this way when their plan was set up and approved under the original legislation passed by parliament. It was for this reason that on another occasion outside the house I characterized this legislation as not just bureaucracy run wild but bureaucracy run hog wild. I believe it is time that we in this house served notice on the government, the minister and the Department of National Revenue that we