

*Income Tax Act*

Government. The decisions have to be made by the Government and presented to the House of Commons. I am sure it is a duty and responsibility which is accepted by the Minister of National Revenue and the Government because it certainly was an issue we brought before the Canadian public continually prior to and during the election campaign. Tax reform has to be at the heart of the initiatives which the New Conservative Government presents to the House of Commons.

As other Members have pointed out, this spirit and desire for reform is evidenced by substantive and concrete measures. We have already had before the House of Commons Bill C-70, which was adopted on November 29, 1984. It contained a number of amendments and new provisions which indicate the concentration on the area of tax reform. More important, we have the new initiatives such as the Ways and Means motions which have been introduced in the House, in particular the proposal for Section 225.1 of the Income Tax Act which deals with the collection process. Just to underline once again the importance of that new provision, let me say that it takes the burden off the taxpayer in that it does not penalize the taxpayer for resorting to the appeal process. The taxes are held in abeyance until the appeal is determined. I think that kind of measure indicates the sympathy of the Government for the taxpayer, and it is in marked contrast with the attitude of successive Liberal Ministers of National Revenue.

It has been pointed out many times, but it is always worth underlining again, that our taxation system in Canada is a self-assessment process. There has to be faith in the system and faith in the officials who administer the system or you will not have a proper attitude on the part of the taxpayer. They want to have faith in the system and the people who administer the system and it is our duty and our challenge to create that faith so that the taxpayers of Canada will file their annual returns confident that they will not be treated unfairly by the system or its administrators.

I want to deal generally with the subject of tax reform, Mr. Speaker, since I believe that is really the subject raised by the motion before us. I want to begin by referring to November of 1981 and the infamous Budget presented to this House by the Hon. Allan MacEachen, then Minister of Finance. For those Liberals brave enough to recall it, he presented to the House a Budget which he said would bring about equity in the tax system. The then Minister of Finance actually stood in this House and said he was single-handedly going to bring equity to the tax system. But what did he do? He introduced a number of measures, some of which I think bear detailing again, even though I fortunately had the opportunity on many occasions in the House to detail those measures which the then Minister said would bring equity to the tax system.

One measure was to tax employer contributions to health plans. Some seven million Canadian workers would have been taxed on their health plans. It would have virtually destroyed the employer-employee health system in Canada. It would have imposed taxes which had no relationship to the earning ability or ability to pay taxes of seven million working Canadi-

ans. Mr. MacEachen and the Liberal Party said that that was bringing equity to the tax system.

The Minister also proposed to tax senior citizens by removing the \$1,000 exemption on pension income. There are literally thousands and thousands of Canadians who have been forced into early retirement from their careers in the Public Service, the Armed Forces and a number of other areas. They had to provide for their old age by working after they were forced into early retirement. But the Liberal Minister of Finance proposed to remove the benefit they received in respect of pension income if they were paying into another pension plan.

I could go on with a number of the proposals contained in that Budget, but let me conclude that aspect by saying that whatever the intentions of the Minister in November of 1981, he certainly advanced the cause of equity in the tax system to no extent of which I am aware. However, he did do a service to Canadians. He focused more attention on the various measures which make up our tax system. He made Canadians, or at least the Progressive Conservative Opposition made Canadians aware of the degree to which they are affected by their tax system and the degree to which that system can be changed overnight by an act of government. In other words, by his failed attempt at tax reform he at least caused Canadians to realize and recognize that we did have it in our capacity and power to reform the tax system. As time went by the attention of the Progressive Conservative Opposition of the day was concentrated on that. We must give full credit to the present Minister of National Revenue who focused attention on this aspect of opposition activity. We were then able to deal with the matter of tax reform in such a manner that the public reacted to it.

● (1750)

Following the 1981 Budget of Mr. MacEachen, we set up a task force in the Progressive Conservative Party to allow Canadians across the land an opportunity to comment on that Budget. It was very successful. Canadians across the country were very pleased with the opportunity to come before that group of opposition parliamentarians to express their concerns about the Budget. That tax force, on which I was proud to serve, was able to formulate the concerns of Canadians in a report on the Budget. It was as a result of that report and of our continued activity of pressing the then Minister of Finance in the House of Commons that many changes were made to that Budget.

When we focused the attention on the need for tax reform through the same process, we were able to establish the tax force on Revenue Canada under the current Minister of National Revenue. That task force again gave Canadians an opportunity to appear before a group of parliamentarians to express their general and specific concerns with respect to the income tax laws by which they were governed. That tax force on Revenue Canada resulted in a report which received a great deal of public attention at the time.