

Government Orders

thousands of jobs by keeping unemployment insurance premiums unduly high. He has other options than attacking senior citizens.

• (1155)

And one of those options, one we have kept repeating for more than two years, is a thorough reform of corporate taxation. We keep telling him, but it was not until others started saying the same thing that the minister realized that, perhaps, something could be done in that area. However, there is still a lack of political will to do so. Once again, the people of Quebec and the people of Canada are not being told the whole truth.

Until 1987, the Department of Finance published statistics on Canadian businesses that made a profit without paying taxes. In 1987, the last year for which figures were available, 93,405 businesses had made profits totalling \$27 billion without paying taxes. After that, do you know what they did? The Department of Finance, the Minister of Finance at the time and today, the current finance minister, were so ashamed of these figures and how they multiplied, because they tripled over a period of seven years, that they stopped publishing these statistics.

According to a report from the Department of Finance published last year, in December, if I am not mistaken, 288 tax measures were available to Canadian businesses, 288 measures they could use to avoid losing part of their profits to federal taxes.

Let me tell you about two of these measures which the Minister of Finance, if he had the political will to do so, if he were not himself directly involved in the wonderful world of big business, could set in motion immediately and plug the holes in the tax system with little effort.

First, there is the income tax return, and then there are tax havens and the lack of fiscal measures to prevent Canadian businesses from using countries considered as tax havens as part of their tax planning.

With respect to the tax return, allow me to quote from an excellent study done last September by Professors Bernard, Lauzon and Poirier, three researchers for the department of accounting sciences at the Université du Québec in Montreal.

In connection with a study of 438 businesses, they say, and I quote: "Of the 438 businesses included and analyzed in our study, we found that 200, or 46 per cent, actually paid less than 20 per cent of their profits in income tax in 1992. Two hundred businesses managed to pay less than 20 per cent tax, because of the tax return. Of these 200 businesses, 30, or 6.8 per cent of the sample, received tax refunds totalling \$126 million, despite profits of \$200 million".

These 30 businesses received tax refunds of \$126 million, despite profits of \$200 million. Does this make sense?

My quote continues: "It is also noted that 51 businesses paid no income tax—0 per cent income tax—despite \$282 million in profits before taxes. Of the 200 companies, 72, or 16.4 per cent, paid less than 10 per cent tax. Thus before tax profits of \$2.2 billion gave rise to actual tax payments of \$130 million, or approximately 6 per cent income tax."

This is not considered unusual. The government considers this usual. The Reform Party is mum on the subject, their nest having been made long ago. They do not find it unusual that such businesses make huge profits and do not pay a cent in income tax, or almost none. It is acceptable for these business to use 288 measures to get around having to pay and for the government to make drastic cuts in unemployment insurance and in transfers to the provinces for welfare, post-secondary education and health care. For the Liberals and the Reform Party this is fine, just as it is to continue with a tax system that no longer makes any sense.

• (1200)

It makes no sense when we look not only at these facts but also at the market emerging for the exchange, the sale of tax losses. These classified ads can be seen every day in the newspapers, as I have said repeatedly over the past two years. The *Globe and Mail*, the *Financial Post*, *The Economist*, all financial and business magazines carry ads like this one: "Tax losses for sale".

Just imagine, they are no longer selling goods and services but tax deductions. The ad goes on to say: "Our client, a cosmetics distributor with large tax losses and undervalued assets seeks a buyer who can use his tax deductions. Discretion assured". I should hope so, discretion assured. They should be ashamed of themselves. "Please contact—"I will not identify the company but not because I am not tempted to do so.

I find it simply outrageous that, faced with this evidence, the government, the Minister of Finance, the Reform Party can hide the reality of tax evasion from the population and not have done anything in the last two years to close the loopholes. Another way for large corporations and high income people to avoid paying their fair share to the federal government is to use so-called tax havens.

An article in last June's *CA Magazine*, the magazine for Canadian chartered accountants, urged large corporations and very high income individuals to create companies in countries regarded as tax havens. It urged Canadian chartered accountants to create these phoney companies in tax havens such as Bermuda and some Caribbean countries so that they can shelter their millions of dollars in profits and avoid paying taxes to the Canadian government, or pay very little.