

Income Tax

● (2022)

I mentioned the business of communicating with constituents. I find when I get back home and talk to constituents there that there are certain things they want to know in the financial and economic area. They can be divided into two groups, the negative things, the things they really do not want, and the positive things, the things they want and are not getting. First the negative things. Why do we have to have them? Near the top of the list is the very complicated tax system. Somehow or other we must do something about this sooner or later, or we shall bog down beneath the weight of our own figures and paperwork.

I wonder how many people are able to fill out their own tax forms these days, the way they used to. The way things are now, it may be a haven for tax accountants, but the average citizen gets very little satisfaction. It is a hard nut to crack, now we have got this monster with us, but I feel it is a top priority.

Next, there seem to be a number of nuisance moves coming along. People are wondering why we must have them since there are more important things on which to work. The minister is obviously trying to do something about this. He issued a statement recently about life insurance tax. He has frozen that and put it on the shelf for now. I am talking about the business of collecting from beneficiaries after the death of the policyholder. But we still have the problem of the effect of any new tax law on those who use insurance policies as collateral for loans. What can we do about this? That practice is very popular, but such a provision is something which people are not accepting well.

I should like to read part of a letter I received from someone I consider to be a very concerned if somewhat overwrought constituent. He wrote:

Sorry, but perhaps there is a misunderstanding with regard to the October 25 budget. It appears that for the time being the "death tax" on life insurance is being withheld. However, there will still be tax changes affecting individuals borrowing on their policies. This is a most controversial issue since it changes the whole attitude toward the individual life insurance policy as compared with the practice which has emerged after years of study by the federal Department of Insurance as well as previous studies on life insurance. At no time did any investigation group ever recommend such a change in attitude with regard to borrowing against one's policy. Here, we have an issue which has been raised for some obscure reason and, as you can understand, Frank, there is only peanuts in tax revenue involved. But think of the extra administrative costs to insurance companies and policy holders as well as to the federal government. In other words, the "bucks" are not in it, so why go to this trouble to inconvenience and annoy the individual Canadian? Obviously, no civil servant will ever have to borrow on his own life insurance, so consequently they do not understand the problem. By the same token, it is in the interests of the financial institutions that this tax should go through. After all, if an individual wants to borrow a thousand dollars it is far better to charge him 13 per cent or 14 per cent or 15 per cent rather than, say, 6 per cent on the older policies. Again, Frank, there are no other words for it than "this concept of taxation is stupid". Here we are in a time when we are trying to simplify tax legislation and reduce costs of doing business, and this is an example of the way in which we have lost our ability to increase productivity and reduce costs—a beautiful example of additional costs being created by the very people who are preaching restraint. The federal government is snowballing more and more legislation. We need less legislation, less complicated forms, fewer delays.

A similar problem seems to have come up in terms of low interest loans from one's own employers, from one's own

company. Again, I do not understand this. I have heard the arguments against it and they make sense. Everybody benefits in some ways from their own companies. Airline employees, for example, get free trips around the world, and so on. Why should a person not get a low interest loan from his own company if he can, without being taxed extra by the government? This is another nuisance thing, a way of irritating the public at a time when we ought to be concentrating on other areas.

Excessive paperwork is a complaint which seems to be levelled against Statistics Canada and our tax system. Then, of course, there are the big general complaints about the excess of size and the inefficiency of the government and the civil service, government spending and budgets. People want absolute cuts, not just a scaling down of the increase in growth of the bureaucracy but an absolute reduction, perhaps one per cent per year in the size of the civil service and in the size of government budgets for a period of five years until we can get them back to something sensible, for example, all governments taking 35 per cent of the gross national product instead of 45 per cent.

There is the issue of abuses and disincentives. There is a great deal of concern among the Canadian people about this problem, particularly in areas like unemployment insurance. However, that seems to have improved a bit. In short, what people seem to want is small, clean, efficient government—streamlined government. And who is to make those decisions? Nobody except the cabinet, the ministers themselves. We have pretty well proven it is not possible for any of the rest of us to make those changes.

Mr. Benjamin: That's your side!

Mr. Philbrook: Well, have you made any? I have not noticed the government implementing any of your suggestions.

Those are the sort of clean-up things that people seem to want.

There are also some positive things they want. They say, "Why don't we do these things, because we obviously need to get cracking in some areas and there are some suggestions?" Of course, tax cuts for all sectors—the minister has made a start on this—especially in the area of sales taxes. But that is both a federal and provincial concern and we need more co-operation between those two levels of government. If we do this, the suggestion is that it will stimulate domestic buying and also stimulate our ability to sell export goods because prices will be lower. Why cannot this be brought in, at least with application to Canadian-made goods? Discrimination, yes, but it is discriminatory on Canada's behalf in an extremely competitive world.

Why can we not have tax exemptions to buy Canadian stocks, bonds, and so on, to invest in Canadian capital formation? They say savings are high at the moment, that too much money is locked up, but people are asking, "Why is that money not being put into Canadian capital investment by the big institutions, the insurance companies, the banks and so on?" Why cannot we do something about that?