

Excise Tax Act

perceive the impact of taxes, to more clearly see the tax content of any merchandise they are purchasing, to be more certain of the areas to which their tax contributions are going, would be a good one. If we could come up with a transparent tax, shall we say, or one that was readily understandable by the vast majority of Canadian consumers, a tax where they could identify not only the amount they are paying on a particular item but also the sort of thing it is going to finance, then we would have taken a step forward. Perhaps the Hon. Member is picking up on the point I made about the monopolies in the times of King James I of England and the degree to which costs were hidden. That is of course paralleled by the situation we have in Canada today.

In the same vein I think it is a good idea that, for example, gasoline companies publicize on their pump an analysis or breakdown of the price of gasoline. That information is valuable and Canadians think it is worth while.

The idea of broadening the base of the multi-stage tax being negotiated between the federal and provincial Governments to cover necessities is not an idea that has attracted great popularity in Canada. It is not an idea that my Party is supportive of. Although one would acknowledge that many societies in this world have far less equal distributions of income than does Canada, we do have a society in which there are significant differences in the distribution of income. Therefore, we should try and identify those necessities that are most essential, shall we say, to the basic standard of living that we would like to see for everyone and those items should not be taxed.

The definition of necessity is of course one that will continue to provoke discussion and argument, as well it should. Obviously if we are to say some necessities will not be taxed, we want to define them broadly enough so that those which are essential to everyday living are included but narrowly enough so that we do not overly erode the tax base and force the loading of the tax on to a limited number of items as is the case at present.

[*Translation*]

Mr. Gauthier: Mr. Speaker, I should like to comment briefly and perhaps direct a question to my hon. friend. As everybody knows, indirect taxes are regressive because low-income taxpayers spend a greater part of their income on consumer's goods. I need not explain to my hon. friend that a sales tax is a regressive tax. To suggest today that the Government should get together with the provinces and agree on a federal-provincial sales tax . . .

● (1600)

[*English*]

A multi-stage type of sales tax sounds to me like an idea which the Government should have proposed when it brought in fiscal reform. In addition to proposing it, it should have implemented it at the same time. That is the point I am trying to make.

Does the Member not think that the Government should have had the courage of its convictions? If it was going to change the tax laws and reform the issue of fiscal operations, should it not have at the same time given Canadians the same type of change in terms of the sales tax?

Does the Hon. Member not believe that the actual floor or ceiling, depending on how you look at it, of \$16,000, at which Canadians may have a tax credit of \$70 per adult and \$35 per child, must be revamped and rethought in an effort to eliminate this regressive approach to sales taxes? Does the Member agree with the Member who just suggested that we should go to the multi-stage tax system?

Mr. Parry: Mr. Speaker, the New Democratic Party has sometimes been accused of having addiction to democratic centralism. It would appear that the first part of that phrase is somewhat less regarded in the Liberal Party.

It seems to me that a multi-stage tax cannot be introduced except by consultation with the provinces. For the Hon. Member for Ottawa Vanier (Mr. Gauthier) to suggest that it is simply a matter of the Government grasping its courage in its hands is indeed to confuse the floor of consultation with the ceiling of autocracy.

On the point of regressivity the Hon. Member and myself are, of course, completely in agreement. On the point of the very nominal sales tax credit, I am sure that the Member is equally as concerned with the low income earners of his riding as I am with those in mine in saying that this measure is little more than window dressing and certainly should be revised, enriched, and made more gradual and should extend farther up the scale of income.

[*Translation*]

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, I am pleased to take part today in this debate on Bill C-117, an Act to amend the Excise Tax Act and the Excise Act. First of all, the purpose of this Bill is to implement many sales tax and excise tax increases which the Government had announced through its February 18, 1987 Budget, its June 18, 1987 tax reform, measures to come into force on December 16, 1987, as well as its February 10, 1988 Budget. Most of these tax increases are already in force or will be very shortly.

The purpose of this Bill is also to make technical changes to the sales tax. For instance, the Government is amending the provisions dealing with fair prices to apply tax on fair market values when non-arm's length sales are made and shifts the sales tax from the manufacturer to the wholesale level for snack foods and other products. I should like to list, however, the different taxes which will be affected by this Bill, the dates of their coming into force as well as their dollar impact which will definitely affect the budget of all Canadians families.

First, the Budget of February, 1987, announced a 12 per cent tax on snacks, candy and ice-cream, which came into effect on July 1, 1987, which will allow the Government to