

Income Tax

income tax legislation in Canada has become most complex. These 300 pages contained in Bill C-139 that are being added to the existing Income Tax Act, already 700 pages or so long, really just piles complexity upon complexity. This means that it is very difficult for an individual to fill out his or her income tax form and very difficult for an individual to understand the nature of the tax system as it exists today. It is very difficult for an individual to evaluate the income tax system and, therefore, to pass judgment on what the Government is doing.

● (1550)

Simplicity would better serve the level of information which the public should have. Simplicity would also better serve justice.

I will attempt to give some meaning to this most complex document in the few minutes I have. I have examined the document to the best of my ability. The document impresses me in terms of legislation as being unfair and as being a sleight of hand, because it implements part of the six and five program. It is a sleight of hand as it affects inflation, and this document is here with us today as a result of the last three budgets which the Government brought down, that of November, 1981, the budget of June, and then the economic statement given by the present Minister of Finance (Mr. Lalonde). This document is here as an economic statement, and as an economic statement, it is totally inadequate.

One does not need to peruse the document to realize that any citizen living and working in Canada, particularly those who do not have the opportunity to work, does understand that the last three budgets have had no real impact upon the economic situation in this country. These amendments are unfair. Let me illustrate by pointing to the tax rates in this country. I have two points in this regard. First, the November budget lowered tax rates for upper-income Canadians in return for what is to be the taking away of certain exemptions allowed under the income Tax Act. Therefore, the move was supposed to be fair. But while the Government lowered tax rates for upper-income Canadians and backed down on the closing of loopholes that existed before, it has left us with a very unfair tax system.

I have the taxable income table before me. In terms of taxable income—and keeping in mind that taxable income is probably three-quarters of a person's income—if a person was earning anything from zero taxable income up to \$24,464, with the exception of one category in which there was a small decrease of one per cent, there was no decrease in the taxable rate of income. In other words, for anyone earning up to \$24,000 of taxable income, which may mean something like \$30,000 to \$32,000 of real income, there is no tax break flowing from this document. However, if you earn more than that, you get a two or three percentage point break in the marginal tax rate. But what is most interesting is that if you have taxable income of \$86,000 up to \$133,000, your tax rate drops by 5 per cent, and if you are earning more than \$133,000, your tax rate drops by 9 per cent. Therefore, if you

are in the upper-income salary group, you get a significant decrease in your tax rate.

To make that point once more, let me quote from a book entitled "The New Canadian Tax and Investment Guide" which stresses this point. It reads:

—the wealthy investor will pay the same rate even if his investment income increases from, say \$200,000 to \$300,000 in a given year. While the MacEachen Budget has been promoted as an attack against the rich, a close analysis of these numbers will show that the rich are virtually unaffected. For the rich and the super rich, the Budget provides a 10 per cent decrease in tax rates.

These tax amendments are unfair. They continue to add to the unfairness of the tax system by giving very high tax rate gifts to the very rich in this country while giving nothing to those in the lower income group. In fact, those in the lower income brackets are penalized. They are given a tax increase by virtue of the fact that the indexation of tax exemptions is capped by the Government. Lower income people get a tax increase without a matching tax decrease.

I want to mention also that over a number of years the burden of taxation has fallen more specifically upon individuals than upon corporations. I have a couple of figures to illustrate this. In 1952, 53.7 per cent of tax revenues came from corporations and 46.3 per cent came from individuals. The latest statistics for 1980 show that 30.5 per cent of tax revenues came from corporations and 69.4 per cent came from individuals. In other words, as far back as 1952, corporations paid over 50 per cent of the tax revenues of Government, but today they are paying some 30 per cent. A major shift has occurred in the tax burden. It has shifted from corporations to individuals. This reflects an attitude prevalent in the United States. For example, President Reagan had the courage of his convictions when he said that he found it difficult to justify the existence of a corporate tax. As Canadians we understand that corporations are citizens. If they are going to be good citizens, they have to pay their way and pay a fair share of the cost of running this country.

What this Liberal Government across the way has done, as well as past Conservative Governments because the statistics I quote go back to 1952, is while talking a good line about justice and fairness and including those words in its budgets, not recognizing that its actions speak louder than its words. It has reduced the burden on corporations and increased it on individuals. While President Reagan has the courage of his convictions when he says he does not believe in corporate tax, the actions of this Government indicate that it no more believes in corporations paying their fair share than the American Government does. That is unfair and unjust.

Mr. Cosgrove: He withdrew that comment.

Mr. Keeper: He should have withdrawn that comment. This Government should withdraw the legislation before this House which is continuing the trend of leaving the burden of paying for Government in this country upon individuals while letting the corporate sector off with only a very light share of the cost of running this country.