

Income Tax Act

(hh) an amount in respect of all or any part of any policy loan repaid by the taxpayer in the year not exceeding the amount, if any, by which

(i) the amount required by subsection 148(1) to be included in computing his income in the year or a previous year from a disposition described in subparagraph 148(9)(c)(ii) in respect of that policy exceeds

(ii) the part of any loan on that policy repaid by the taxpayer that was deductible under this paragraph in computing his income for a previous taxation year."

Subclause 14(2)
Page 22

That subclause 14(2) of Bill C-11 be amended by striking out line 21 on page 22 thereof and substituting the following:

"March 31, 1977 except to the extent the amount thereof is verified by the insurer in prescribed manner and prescribed form to be interest paid in the year on that loan that is not added to the adjusted cost basis (within the meaning given that expression in subsection 148(9)) of the policy.

"Life insurance policy"

(2.2) For the purposes of paragraphs (1)(c) and (d) a "life insurance policy" does not include a policy referred to in paragraph 148(1)(b)."

Subclause 52(4)
Page 100

That subclause 52(4) of Bill C-11 be amended by striking out lines 18 to 20 on page 100 thereof and substituting the following:

"(b) the amount, if any, by which

(i) the amount included by virtue of subsection 148(1) in computing the income of the taxpayer for the year in respect of the disposition of an interest in a life insurance policy

exceeds

(ii) the portion thereof arising from a disposition described in subparagraph 148(9)(c)(ii) in respect of that policy."

Subclause 74(4)
Pages 161 and 162

That subclause 74(4) of Bill C-11 be amended as follows:

(a) by striking out line 44 on page 161 thereof and substituting the following:

"year, subsection (1), section 16 or para-";

(b) by striking out line 3 on page 162 thereof and substituting the following:

"of interest thereon or any repayment of a loan that was deductible pursuant to paragraph 20(1)(hh), and"; and

(c) by striking out lines 9 to 12 on page 162 thereof and substituting the following:

"as it would have read on that date if subsection (8) had not been applicable) of his interest in the policy on that date"

Subclause 74(6)
Pages 163 and 164

That subclause 74(6) of Bill C-11 be amended as follows:

(a) by striking out line 28 on page 163 thereof and substituting the following:

"respect of a policy loan other than interest deductible in the 1978 or any subsequent taxation year pursuant to paragraphs 20(1)(c) or (d);"; and

(b) by striking out lines 8 to 12 on page 164 thereof and substituting the following:

"(ii) in respect of a policy loan made after March 31, 1978, means the amount of the policy loan;";

Subclause 74(7)
Page 164

That subclause 74(7) of Bill C-11 be amended as follows:

(a) by striking out lines 15 to 24 on page 164 and substituting the following:

"subsection:

"(10) For the purposes of this section,"; and

(b) by striking out line 34 on page 164 thereof and substituting the following:

[The Chairman.]

"a reference to an annuitant under such a life".

Subclause 74(8)
Page 164

That subclause 74(8) of Bill C-11 be amended by striking out line 36 on page 164 thereof and substituting the following:

"(8) Subsection (1) and (2) are appli-"

Subclauses 74(10), (11) and (12)
Page 165

That subclauses 74(10), (11) and (12) of Bill C-11 be amended by striking out lines 1 to 9 on page 165 thereof and substituting the following:

"(10) Subsections (4), (5), (6) and (7) are applicable after March 31, 1978.

(11) With respect to the 1972 to 1977"

That subclause 110(1) of Bill C-11 be amended by striking out lines 6 to 14 on page 209 thereof and substituting the following:

Application rule

"(8) For the purposes of paragraphs (1)(d) and (2)(a) there may be deducted from the aggregate referred to in those paragraphs, 9% of the portion of that aggregate that is attributable to the 1974, 1975 or 1976 taxation year."

Mr. Crosbie: Mr. Chairman, before my amendment is carried, I would like to summarize for a few minutes.

Mr. Chrétien: Oh, no!

Mr. Crosbie: Do not get excited. I am giving hon. members a chance to vote against this.

This is a clause in the minister's bill which discriminates against the residents of eight provinces of Canada, the Northwest Territories and the Yukon Territory. This clause provides that any grant a householder gets in any of the provinces or territories except Nova Scotia and Prince Edward Island will be taxable. Grants made to those lucky people in Nova Scotia and P.E.I. will not be taxable at all. We on this side propose that we do away with this discrimination and that grants to recipients anywhere in Canada be not taxable. We support the programs in Nova Scotia and P.E.I., but they should be the same across Canada. They should have the same non-taxable status. The only answer the minister has given in reply to this amendment is that it will cost the treasury \$560 million over seven years if we pass this amendment to delete that clause. That is an errant piece of foolishness. The minister has produced no figures whatsoever to show that that is the case. As a matter of fact, government figures show that this year the program is supposed to cost \$45 million. We know it will cost much less than that.

The program has not been successful. In the year 1978-79 the cost is to be \$145 million, and in seven years the cost is to be \$1.4 billion. The minister is saying that if this clause remains in this bill one half of the expenditure of the government will come back to the government in tax revenue. As I explained this afternoon, for that to happen four million householders would have to receive the maximum grant of \$350, and every one of them would have to be taxed at a 50 per cent personal income tax rate. In other words, they would all have to be wealthy and earning something like \$30,000 or \$40,000 a year in order for the government to get back this \$560 million over seven years. That is a piece of errant nonsense. It is not an accurate figure.