

Income Tax Act

Shall the amendment carry?

Some hon. Members: Carried.

Amendment (Mr. Benson) agreed to.

The Deputy Chairman: I will now put the question on the amendment moved by the Minister of Finance which is meant to replace subsection 5 on page 286 by the following:

Where a taxpayer was, at the end of a taxation year of a partnership, a member of the partnership, his share of any amount that would, if the partnership were a person, be a gift made by the partnership to any donee, shall, for the purposes of this section, be deemed to be a gift made by the taxpayer, in his taxation year in which the taxation year of the partnership ended, to that donee.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I merely rise to ask if it should not be put on record that these are amendments to the proposed section 110?

The Deputy Chairman: It was meant from the beginning that section 109 had been adopted, and the only section now in front of the committee is 110. This was understood by the Chair. I believe hon. members also understood that the amendment was related to that section.

Mr. Knowles (Winnipeg North Centre): I know that, but up in the Hansard office they might wonder what happened.

Mr. McCleave: And down here, too.

The Deputy Chairman: Shall the amendment carry?

Some hon. Members: Carried.

[Translation]

Mr. Lambert (Bellechasse): Mr. Chairman, may I ask the Minister of Finance to give us more details about that clause?

Mr. Chairman, you will understand it is not always easy to understand the general meaning of an amendment such as the one you just read. I am not the only person to feel this way, I think. Even if one consults people very knowledgeable in this field, they often find it difficult to clarify some points.

[English]

Mr. Benson: Mr. Chairman, we have carried section 109. This amendment to section 110 is inserted so that where a charitable donation is made by a partnership, the partners can each claim a portion of the charitable donation that is made. That, simply, is the purpose of the amendment.

Amendment (Mr. Benson) agreed to.

Clause 1, section 110, as amended, agreed to.

Mr. Benson: Mr. Chairman, I believe it has been agreed among the parties that we would now proceed with sections 4 to 8 inclusive, discuss these as a group and then carry the sections as amended. The group of sections 4 to 8 is to be open for discussion at this time.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, the minister has stated correctly the agreement that we reached. Perhaps I might spell it out in one further detail. I think the understanding was that from the chair you will call section 4 but the discussion will range over 4, 5, 6, 7

[The Deputy Chairman.]

and 8, and at the end we will vote on them individually and put the amendments, just as we have done with sections 109 and 110.

The Deputy Chairman: Are there any other comments? Is the Chair to understand that there is agreement within the committee as to call section 4 but at the same time allow discussion on sections 5, 6, 7 and 8?

Some hon. Members: Agreed.

The Deputy Chairman: With the question put later, section by section?

Some hon. Members: Agreed.

On clause 1—section 4: *Income or loss from a source or from sources in a place.*

The Deputy Chairman: Shall section 4 carry?

Mr. McCleave: Mr. Chairman, I have several comments to make on these sections. First, this may seem to be a very technical matter but it is something which is very important because I hope I shall strike a blow for mamma and papa, that is, those family units which run the corner grocery stores in Canada. Mamma and papa have great difficulties; they are threatened by Dominion stores, Loblaws and all the other big chains. Also, I suggest that mamma and papa will have their heads beaten in by the legislation that we are being asked to approve.

• (4:40 p.m.)

I think I can illustrate this beyond any shadow of doubt. I know, since we are not expected to carry these five sections this afternoon, that the minister and his officials would want to look again at the matter and, hopefully, to achieve change. Where do mamma and papa get into difficulty under the proposed act? The story starts with section 6, subsection 8 on page 12, which on the face of it seems innocent enough. It provides as follows:

Notwithstanding anything in section 5 or this section, in computing the income of a taxpayer for a taxation year from an office or employment, there shall not be included any amount that is, by virtue of subsection 74(3), not required to be so included or that is, by subsection 74(4), deemed not to have been received by him.

Then we jump to subsection 74(3), page 178, which is not under discussion at this time, Mr. Chairman, but I have to put it on the record to make the point about the threat to mamma and papa and their little corner grocery store. It provides as follows:

Where a person has received remuneration as an employee of his spouse, the amount thereof shall not be deducted in computing the spouse's income and shall not be included in computing the employee's income.

The next paragraph deals with the situation where a partnership exists. I shall not belabour the point by putting that paragraph on the record because I think I have established enough for the minister and his officials to see the problem that mamma and papa are up against. It is true that much of this proposed law is carried forward from the act which we are being asked to replace. If it was unfair before, I suggest it is even more unfair now.

Let us take mamma and papa in their purest form. They simply operate the corner grocery store without having gone through the legalities of setting up a partnership or