

Income Tax

● (2152)

Mr. Speaker: I therefore declare the motion carried.
Motion (Mr. Cafik) agreed to.

GOVERNMENT ORDERS

[English]

INCOME TAX

MEASURE TO AMEND

The House resumed, from Monday, November 21, consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I notice that all the right people are leaving. Usually they come the other way when I get up to speak.

Mr. Speaker: Order, please. I wonder if those hon. members who are rushing out to see the hon. member for Surrey-White Rock (Mr. Friesen) on television might spare a couple of minutes.

Mr. Friesen: Mr. Speaker, I will make it a point to show only my good profile to the camera. Yesterday when I was addressing myself to this bill I said that I think we have a Minister of Finance who, at least at the outset, wants to listen to what members of this House have to suggest in the way of improving the tax laws for the benefit of Canadians. I was nearing the end of my remarks when I called it 10.30.

● (2202)

I will close my remarks with one final point. I believe there is need for a major revision of our approach to the whole taxation policy regarding personal incomes. The hon. member for Norfolk-Halifax (Mr. Knowles) made a very important point yesterday. He said that, under our present system of tax deductions, nearly everyone who files his income tax return is concerned that maybe there is some point that he missed. He may be entitled to a deduction, but because of the complicated system of taxation, he misses that. Therefore he loses some of his spending or saving power. I agree with the hon. member for Norfolk-Halifax on that point.

The other side of the coin is that there are a lot of people who get tax deductions which are not due to them. It is easy for people who are determined to involve themselves with tax evasion to find tax deductions that would not be considered legitimate, or at least would be considered spurious or marginal in their validity.

[The Acting Speaker (Mr. Ethier).]

A number of my constituents have come to my office asking me to intercede on their behalf with income tax officials because they have appealed tax decisions. They felt the tax officials were giving them really short shrift. They had legitimate deductions which they included in their tax assessment, but the tax officials refused to accept those legitimate expenses and deductions.

A whole array of grievances are piling up because of our very complicated system of deductions under the personal income tax system. It is time for the members of this House, and certainly for the Minister of Finance (Mr. Chrétien) and those in his department, to take a fresh look at the system of personal income tax deductions.

I have a suggestion to make. I must confess it has not been thoroughly researched. I have not had the time to look at it as thoroughly as I would like. Rather than continue the complicated method of personal exemptions in income tax, I suggest we do away with this kind of system and completely eliminate the whole array of personal tax deductions. I suggest we have a straight percentage tax on personal incomes. There may be one exemption for health or medical reasons. Only that one deduction would be a legitimate deduction for personal income tax.

There is one large body of citizens who would object to this method, the accountants. A large part of their income is derived from us poor souls who cannot figure out the complicated income tax system. We are dependent upon them to figure out our income tax for us, and they derive their living from that. That is fine under the present system. I do not blame them for making their living that way. But this is one body which would probably object to the simplification of the income tax system.

● (2207)

Another group which might object consists of civil servants who work in the department and whose jobs depend on the complexity of the system we have today. In my riding the department is building a brand new office. I am proud of the building they are putting up; it will be a fine addition to my constituency, and the department will employ there about 400 people on a regular basis, and possibly another 800 on a seasonal basis. I am glad that these additional job opportunities will be available to my constituents. Nevertheless, I believe those employees would prefer to be working at a job which would be considered creative, and I cannot see that there is much satisfaction to be gained by sitting in an income tax office and looking over a mountain of receipts. Even people who are good at that kind of thing must find it a little boring, and sooner or later ennui must set in. Then again, they must constantly listen to the grievances of people who file their returns and who feel the government has bilked them out of a few dollars.

Why not simplify the operations and eliminate the frustration of April 30? The result would be a whole new approach, a whole new attitude to taxation on the part of the Canadian public. A large portion of the bureaucracy in the taxation