

bénéfices le 31 décembre 1971 et que le fiduciaire a fait le choix prévu au paragraphe (4.1), ou
 b) n'était pas régie par un régime de participation des employés aux bénéfices"

Amendment (Mr. Turner (Ottawa-Carleton)) agreed to.

The Chairman: Shall clause 98 as amended carry?

Clause 98, as amended, agreed to.

Clause 99 agreed to.

● (1450)

On clause 99.

Mr. Nystrom: Mr. Chairman, clause 99 deals with registered retirement savings plans. Has the Department of Finance accumulated statistics on how many people take advantage of registered retirement savings plans and what type of people they are, in terms of income? I am a little concerned about providing a tax loophole for someone who has wealth. Registered retirement savings plans can be written off up to a maximum of \$4,000 a year. As hon. members know, most Canadians cannot afford to do that. Members of parliament can write off Canada Pension Plan contributions and parliamentary pension plan contributions which amount to \$1,440 this year. They can also invest up to \$4,000 in a registered retirement savings plan and write that off. If you total that, it comes to approximately \$5,500. Have statistics been compiled with regard to the people who take advantage of these plans, their income brackets, and so on?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, we can get the hon. member some totals. I do not know whether we can get for him the income classes affected. The statistics came in by computer a little late on election night.

Mr. Nystrom: Election night?

Mr. Turner (Ottawa-Carleton): The hon. member's riding result was conclusive too early. I now have an answer for the hon. member for York-Simcoe. There were 92,886 corporations claiming the small business deduction in 1972, the latest year for which figures are available.

Mr. Orlikow: Will the minister explain the purpose of permitting such a high amount to be invested in registered retirement savings plans and used when computing income tax? The limit of \$4,000 can only be used by those in the high income bracket. These people would be in the 40 to 50 per cent tax bracket. They are already among the wealthiest people in Canada. These people enjoy the highest standard of living of anybody in this country, yet if I understand this correctly they are permitted to invest up to \$4,000 in a retirement plan and not pay any income tax on that amount.

Mr. Munro (Esquimalt-Saanich): It is a calculated risk.

Mr. Orlikow: The hon. member says it is a calculated risk. However, we are talking about people with an income which permits them to afford the risk. If these people were not permitted to deduct this large amount from their income tax, according to my rough calculations they would pay between \$1,200 and \$2,000 a year. The mass of

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the Canadian people, the millions who pay no income tax, as well as those in the lower income tax bracket, have no opportunity to make a deduction as a result of this clause. If they do belong to a pension plan of some kind, the contribution is so small that the deduction they are permitted might not amount to more than \$100.

This is just one more illustration of the way our tax system operates. In fact, we are not moving any closer to a more equitable society than we have in the past. Without again putting the precise figures on record, the figures which we get each year from Statistics Canada clearly indicate that the percentage of the gross national product which goes to the bottom one-fifth of the income earners of this country has not increased for a quarter of a century. Speaking from memory, the bottom one-fifth of the income earners in this country get something in the neighbourhood of 4 per cent of the gross national product, while the top one-fifth get close to ten times that amount.

The reason for this is our income tax laws. With the kind of Minister of Finance we have, they are constantly being changed. I do not say this is the purpose of this minister and I do not want to impute motives or say he is doing it deliberately; however, the end result of what this Minister of Finance and his predecessors have done is to increase the disparity between the haves and the have-nots in this country. Will the minister explain why he is making this figure so high?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, this amendment does not change the figure. Aside from a few technical amendments, all it does is allow the husband or wife who is the income earning spouse to transfer his or her eligibility to a fund for that spouse. It does not change the income limit at all. The limit is still \$4,000.

Mr. Orlikow: Will the minister explain why we have the high figure of \$4,000? I am sorry that I do not have the details with me, but I can get them and discuss this matter with the minister later. However, I have been told that a husband who is the income earner could borrow from a bank in December, 1974, for example, put the money into a registered retirement savings plan in the name of his wife, get the tax credit for that, and in 1975 pay back the money, dissolve the plan and still have the tax benefit. I am not sure if I have explained this correctly. Has the attention of the minister or his department been drawn to the type of possibility I have just raised?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, the figure of \$4,000 was set as a tax reform when the House passed the bill effective January 4, 1972. As I recall from listening to my predecessor, Mr. Benson, you have the deductible pension plans, \$2,500 maximum by the employer and \$2,500 maximum by the employee, for a total of \$5,000. On a registered retirement savings plan for an individual, we put it somewhat below that, at \$4,000. There was a correlation. Of course, because of the erosion of the dollar since then, the effective amount of the tax reform has been minimized. In so far as abuse is concerned, we watch that very closely indeed. If there is any abuse of the registered retirement savings plan, we will close the loopholes. We are conscious of that.