

proposals would all make the understanding of and compliance with the Act more difficult:

- the combination of cash and accrual systems for farmers;
- the preferred share tax;
- the need for setting up new capital cost allowance pools for assets acquired under the new system;
- the elimination of the special rules applicable to employees who use cars for less than 12,000 kilometers a year for personal driving;
- the acceleration of tax remittances, especially for businesses which are not in urban areas;
- segregating meal and entertainment expenses so as to be able to comply with the 80 percent rule;
- the two-tier tax credit for charitable donations;
- the requirement that a self-employed individual claim both a deduction and a credit with respect to Canada Pension Plan contributions;
- the need for small companies to recompute their refundable dividend accounts;
- the requirement for additional reporting by financial institutions and promoters;
- the obscure anti-avoidance proposals;
- the complex phase-in and grandfathering provisions.

6.114 While we are not suggesting that any or all these proposals be abandoned (beyond the specific recommendations already made in this Chapter) because they are complex, by no stretch of the imagination can it be said that the tax reform exercise has any aspect of simplification to it. The *Income Tax Act*, and compliance with it, will be greatly complicated by the proposals.

6.115 We suggest to both the Minister of Finance and the Minister of National Revenue that steps be taken to simplify the structure of the system itself as well as tax returns and other reporting documents. There is precedent for this. Major ameliorating changes were made to the tax system as it applied to small businesses a