

*Statements by Ministers*

Canadians who have been put on the tax rolls by the Conservatives since they came to office in 1984. What a coincidence.

The personal tax system yields approximately \$42 million or \$44 million in revenue a year. While the Minister's announcement that some 800,000 people will be taken off the tax rolls seems good, it is not so remarkable when one considers that those Canadians pay some \$300 million to \$350 million in tax. The Minister's grand gesture which is designed to dress up his tax reform amounts to less than 1 per cent of total revenues for personal income tax. Big deal.

**Mr. Hockin:** Would you tax them?

**Mr. Cassidy:** Average Canadians wonder why the Government continues to favour capital gains. If the Government acknowledges the principle that capital gains should be treated like any other income, why does it continue to tread on eggs and give special treatment to people with investment income and people with capital gains?

Now that the Government acknowledges that its \$500,000 capital gains tax exemption was one of the most stupid measures to be included in this country's tax system, Canadians will wonder why it has left part of it in the tax system rather than following the advice of the tax experts and removing it completely.

My Party supports exemptions for farmers and exemptions for the transfer of small businesses. My Party does not support, however, this continued belief that somehow capital gains of any kind are a sacred trust that should be honoured by the Progressive Conservatives because of their constituency.

• (2130)

My Party wonders as well about what we call the "T. Eaton" amendment which appears will allow Timothy Eaton's heirs, grandsons, great grandsons, that whole clan, to benefit from the small business amendment on capital gains exemption just as much as someone who makes a few dollars because of a gain on a very small family-owned business which does not have to be public traded.

Average Canadians will wonder why is it this Government, in putting forth what was meant to be a progressive tax reform, continues to maintain deindexation, this time of the credits rather than the deductions, so that over time those credits will be worth less and less and, therefore, the system will systematically become less and less progressive and more and more regressive.

I guess what Canadians are wondering is if there was a tax reform package which had made the wealthy really pay their fair share, then moderate and low income families could have had real tax breaks. Average Canadians ask why could they not have had those kinds of tax breaks rather than the kind of tax things they are getting from the Government now.

*[Translation]*

Mr. Speaker, as far as corporate taxation is concerned, the Canadian taxpayers will ask why a minimum income tax has not been introduced for those thousands of profitable companies which do not pay one cent, so that they assume their fair share of the tax burden. After this so-called tax reform, there will still be 60,000 profitable companies not paying one cent in income tax. And this issue, Mr. Speaker, has been raised by the NDP. We are the ones who told the House of Commons that some 79,000 Canadian corporations did not pay any income tax. In other words, 25 per cent of all Canadian companies do not pay any income tax at all.

Now the Government recognizes that there were not 79,000 but rather 110,000 profitable companies in this situation. And the Government will somehow reduce that proportion, but there will be nevertheless 60,000 of them without any tax to pay, which indicates that this system is unfair. Therefore, Mr. Speaker, we do need a minimum tax on corporations and it is unfortunate that such a provision has not been imposed or proposed in this tax reform. Taxpayers will ask also why it is that the total increase of income tax on corporations is only \$470 million, less than one quarter of the tax increase resulting from the U.S. fiscal reform and half the amount received by Olympia and York through a tax loophole in 1985 under the Conservatives. They will ask why this minimal increase does not even cover the \$6 million that will be saved on differed taxes by corporations such as CP, Bell and Imperial Oil.

*[English]*

I wonder about this. We are told by the Minister of Finance that it is wonderful he is raising corporate taxes by \$5 million over five years. He has not mentioned that the reduction in tax rates is the largest in any field for corporations, from 36 per cent to 28 per cent, and he has not mentioned that that one cut will save large companies such as CP and Imperial Oil \$6 billion because of the reduction in taxes on deferred taxes they have on their books. So over the next five years, those big corporations will save \$6 billion. At the same time the Government will be getting \$5 billion more in taxes from corporations. As I perceive it, that means a balance of a deficit of \$1 billion over the next five years. That is not tax reform. That is moving backwards.

Average Canadians believe and know that corporations should be paying their way. They should be paying a fair share of the tax system. They are not paying it now and they will not be paying it under the tax reform proposals tabled by the Minister of Finance in this House tonight.

Canadians will also wonder about the sales tax changes which have been introduced. I really wonder about the Minister of Finance who says that the sales tax as we have it now is a hidden, arbitrary and capricious tax and then proceeds to impose new sales taxes, according to the present system, which, of course, will also be hidden, arbitrary and capricious.