Income Tax Act

Porter
Price
Redway
Reid
Ricard
St. Germain
Scott (Hamilton—Wentworth)
Scowen
Siddon
Sparrow
Stackhouse
Stewart
Taylor
Thacker
Towers
Tupper
Turner (Ottawa—Carleton)
Valcourt
Van De Walle
Vézina
Vincent
Warner
Wise—107

NAYS

Members

Allmand
Althouse
Axworthy
Benjamin
Blaikie
Boudria
Cassidy
de Jong
Epp (Thunder Bay—Nipigon)
Foster
Gauthier
Gray (Windsor West)
Guilbault (Saint-Jacques)
Hopkins
Keeper
Killens
Langdon
MacLellan
Marchi
McCurdy
Mitchell
Murphy
Nicholson (Trinity)
Ouellet
Parry
Penner
Prud'homme
Riis
Robichaud
Rodriguez
Rossi
Waddell—32

● (1830)

The Acting Speaker (Mrs. Champagne): I declare the motion carried.

Bill read the second time and referred to a legislative committee.

The Acting Speaker (Mrs. Champagne): Pursuant to order made this day, we will resume debate on Bill C-23.

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INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Wilson (Etobicoke Centre) that Bill C-23, an Act to amend the Income Tax Act and a related Act, be read the second time and, by unanimous consent, referred to the Standing Committee on Finance and Economic Affairs.

Mr. Don Blenkarn (Mississauga South): Madam Speaker, this is the most important tax reform Bill to come before the House of Commons this year and I am indeed surprised that the Opposition would not recognize that, particularly members of the Opposition who are on the Standing Committee on Finance and Economic Affairs. They have had an opportunity to review this Bill as it appeared in the Ways and Means motions of June, 1986 and October, 1986.

The Bill deals with some very serious issues that substantially change our tax laws in order to make those tax laws more equitable and to collect revenue from those who should pay taxes.

I would have thought that the New Democratic Party, having made an alleged study of taxes across the country, would have hailed this Bill as something they would have introduced if they were in power.

I want to take this time to talk about the issues involved. First, the former Government introduced a program of investment tax credits which were a form of double-dipping. Not only was there a generous system of capital cost allowances, there was a form of investment tax credit throughout the country, starting at 7 per cent.

This Bill phases out those investment tax credits. They ought to be phased out because their effect was to allow those who bought machinery and equipment to have not only generous capital cost allowances, but to have credits against their taxes for their investment. In order to provide the kind of fairness there should be in a tax system, it is only proper that those credits be phased out.

This Bill goes further because it deals with the horrendous rip-offs that seem to have taken place in our society with the misuse of limited partnerships. People could take tax reductions because they invested their money in a limited partnership that had leverage advantages. The effect of a limited partnership was that they could take a reduction and reduce their taxes payable, but not be at risk. According to this Bill, those who are in a partnership transaction or any business transaction and want a tax reduction or to take a capital cost allowance, can only do so if they are in fact at risk.

This is a very important Bill because it ensures that those people who should pay taxes do so. I am surprised that the Member for Laval-des-Rapides (Mr. Garneau), the finance critic for the Official Opposition, says that this is a Bill that raises taxes. I agree that it raises taxes, but it raises taxes for those who were getting away without paying taxes. That is what we intend to stop, but it apparently is something the Liberal Party would like to continue.

One of the most important issues raised by our side was the fact that people who were collecting money as a result of T bills were not paying tax on the profits from those transactions. According to this legislation, one must supply a social insurance number in order to cash one's T bill. When this legislation goes to the Finance Committee I will recommend that it be broadened to include all forms of government financing. There is no reason why people should escape taxation because they happen to lend money to the Government of Canada or the provinces or happen to take their income in the form of coupons. It is important that we view this legislation as the tax reform Bill that it is.