

Supply

I believe that most Canadians, if presented with those suggestions, would agree with them. Our tax burden is unfairly distributed at the present time, Mr. Speaker. The increase that we have seen in the income tax of ordinary taxpayers is counter-progressive, it acts as a barrier to the economic growth of our regions, our provinces and our country.

If you look at the tax incentive that were granted over the years by the former Government, particularly to businesses, companies, Mr. Speaker, it is amazing to see how a number of those businesses, not many of them, but too many nevertheless, took unfair advantage of tax shelters, those tax shelters which the former Government considered normal, which were provided since 1971, since the last tax reform, over the years, and I remember, Mr. Speaker, seeing budgets where we had to deal with heaps of documents, technical papers and so on. With respect to the ordinary taxpayers, the situation was pretty much the same. However, tax shelters were mostly available for high income earners than for Canadians with a lower income. The last point, Mr. Speaker, leaving aside partisan biases, is the federal sales tax—

• (1600)

I remember that in 1978, Mr. Speaker, when I was a student at Sherbrooke University, taking a Master's degree in taxation, our professor used to tell us about the federal sales tax that the Federal Government should change shortly, because it was nonsense. That was in 1978 and the federal sales tax law has not been amended. We are aware of it and we have said it. That tax presently harms our businesses. It kills jobs and that is why this reform is so important. That is why this reform must aim to reduce tax rates of individual taxpayers who have paid too much tax and of corporations which paid their fair share, while increasing the tax rate of corporations which have not paid their share. At the same time, in that comprehensive reform, we should amend the federal sales tax. We have said that we would reduce tax rates and also that we would reduce the number of tax brackets in order to streamline the system. And we said that we would change exemptions which taxpayers enjoy in tax credits.

Mr. Speaker, as you know, a tax credit, whatever its kind and level, is much more profitable than an exemption for a taxpayer. To understand that, you do not have to go to university for it is mathematical. At the same time, it brings about a huge benefit. It makes the tax system more equitable because as you know, Mr. Speaker, if I am entitled to a tax credit of \$1,000, somebody whose yearly income is \$100,000 will happen to pay more tax than with an exemption for the same amount. As for low income people, of course, they will benefit more from a tax credit than an exemption.

Therefore, all Canadians will eventually pay less tax, thanks to the tax reform. That is the important thing to remember. The White Paper on tax reform will be tabled in that perspective.

Obviously, within that context, high income people who might have avoided to pay their fair share of tax in the past will have to pay more. That is the substance of my basic criteria when I referred to fairness, when I said that all Canadians must pay their fair share of income tax at all levels.

You will remember, Mr. Speaker, that in terms of tax law, we have innovated in this country with the introduction of a federal sales tax credit. It was the first time in this country that a Government, after increasing the rate of the federal sales tax, had the decency to grant a refundable credit to low income people. This is a new kind of law, Mr. Speaker. And I can tell you, having had the opportunity to go to different places in Quebec as well as outside that province, that people are grateful for that. Nobody likes tax increases, but people recognize that, while there has been an increase, this Government has taken steps to help low-income families.

Mr. Cassidy: With capital gain tax exemptions.

Mr. Vincent: There is nothing to indicate that this new benefit will not resurface in the White Paper.

As far as corporations are concerned, we must put together a package for our corporations which really create jobs in this country, even if the socialist party refuses to believe it. We must see to it that they carry their fair share of the tax burden. We must be careful not to overtax them, however, because they create most jobs in this country, but we must collect the income tax they owe. I suggest that the previous Government's performance in this regard had left a lot to be desired. The White Paper will be there to correct all past mistakes.

As I was saying a while ago, Mr. Speaker, our federal sales tax scheme is much too narrow. As it is currently applied, it favours imported goods at the expense of Canadian goods. This is something which is not right and should be changed, Mr. Speaker.

As a country, Canada needs a federal sales tax scheme with a wider base and reduced rates to be levied more evenly and equitably on a wide variety of goods and services.

There can be different types of federal sales tax. There could be a multi-stage sales tax, with or without invoices, levied only by the federal Government, or a federal provincial sales tax with invoices, but what we should be seeking in a non-partisan way is the common good of Canadians. If the federal government can agree with the 10 provinces, and so far I think that things are going well at this level, to set up a national sales tax scheme, I think it would be a great step for Canada, for each and every province and, therefore, for all Canadian taxpayers.

The make-up of the sales tax base will be a key element of our indirect tax system reform and I think that what we should be looking at is the tax reform as a whole. We should take into account personal income taxes, corporate taxes and indirect taxes which is the federal sales tax. I think that if we tried to look at them separately and individually, as the Hon. Member for Ottawa Centre is doing, we would be wrong. This is a major and comprehensive reform. It must not be divided.