

*Speaker's Ruling*

Although the bill is now coming to the House for report and third reading stages, the Chair does accept the explanation given by the hon. member for having raised this matter so late in the legislative process since his point of order is based on information received during the finance committee's deliberations on the bill.

• (1530)

I wish to remind all hon. members of citation 319 of Beauséne's sixth edition, which requires that points of order be brought to the attention of the Chair as soon as possible.

I want to thank the hon. member for Gander—Grand Falls for raising his concerns. I would also like to thank the hon. members for Willowdale, Regina—Lumsden, and York South—Weston and the parliamentary secretary to the government House leader for taking an interest in this matter and providing the Chair with their views on what is described in Erskine May's 21st edition at page 67 as "the most important power vested in any branch of the legislature, the right of imposing taxes upon the people and of voting money for the public service".

I want to assure the House that I view this matter very seriously and I have thoroughly studied the situation.

[Translation]

In his presentation, the hon. member for Gander—Grand Falls argued that the provisions of Bill S-9 would impose expenditures on the government by reducing taxes on profits made by American multinational corporations in Canada. He also stated that the bill would require the government to pay a tax credit to persons subject to estate taxes in the U.S. Therefore, the government would suffer "a loss in tax expenditures for all time to come". The hon. member for York South—Weston also spoke to this point.

In his submission, the hon. member for Gander—Grand Falls made reference to two rulings given by my predecessor Speaker Lamoureux on November 12, 1969 and on June 12, 1973. I have examined these rulings very carefully. In both cases, the bills brought down from the Senate very clearly contained provisions requiring expenditures by the government and Speaker Lamoureux quite rightly ruled that these bills infringed the privileges of the House of Commons. Both bills were set aside. However, these two precedents do not, in my opinion, apply to our present circumstances.

[English]

From my research, the substantive changes to the Canada—United States tax convention dealt with in Bill S-9 appear to relate to reductions in the rate of withholding taxes applied to different types of payments, for example, to dividends paid by a company resident in one country to a company in the other

country owning more than a certain percentage of voting stock in the first company.

The bill will also have the effect of granting some tax relief retroactively and there may be some reimbursements payable for taxes paid under the law as it now reads, should Bill S-9 be passed by the House and receive royal assent.

The bill does not appropriate tax revenue, but rather exempts or reduces taxes otherwise payable, in some cases retroactively.

[Translation]

As members know, when the House is dealing with tax measures, members may propose amendments to such bills so long as they do not exceed the scope, increase the amount or extend the incidence of any charge upon the public.

[English]

No amendment may be proposed that would increase the rate of tax nor extend its incidence to a new class of payers without the recommendation of the Crown. In their search of such measures committees may also propose such reductions. I would refer hon. members to citations 988 to 991 of Beauséne's sixth edition on this point.

Citation 992, also dealing with the powers of House committees with regard to tax bills, states:

So long as an existing tax is not increased, any modification of the proposed reduction may be introduced in the committee on the bill, and is regarded as a question not for increasing the charge upon the people but for determining to what extent such charge shall be reduced.

• (1535)

It must also be borne in mind that members of this House can initiate and have initiated bills to lower taxes. So too can the Senate. And there is a longstanding practice for the government to introduce such bills in the other place at its discretion.

The parliamentary secretary to the government House leader noted in his intervention that Bill S-9 is not a bill for appropriating any part of the public revenue or for any tax or impost and therefore does not require a royal recommendation. There will be no expenditure of public funds, though money already collected from Canadian citizens pursuant to the tax laws of Canada may be refunded.

As the parliamentary secretary pointed out, the repayment of tax revenues already received is not an appropriation of public money. Thus, the bill could be properly introduced in the Senate.

In conclusion, Standing Orders 79 and 80 have not been contravened, as Bill S-9 neither imposes a tax nor appropriates money for any purpose. Since the bill relinquishes funds it might otherwise have gained, it is not appropriating money but forfeiting revenue it would have raised without such changes.