

*Income Tax Act*

that I think Canadians want. It does not provide them with the opportunity to have a part in the development of Canada.

**Mr. Aiken:** Mr. Chairman, I should like to say a few words on clause 1 of the bill and to comment on something that the minister has said several times today. He said that basically it does not matter what you do as long as you do something. I must admit that I like to see ideas tried. I like to see progressive legislation brought forward. I think we have to try new ideas and make new efforts from time to time. Otherwise our legislation and our national economy become stale. I think that this particular theory of "Don't just stand there, do something" is a very good one in military circles, where action of some kind must be taken or you will be shot down. But in matters of finance and taxation one has to move very slowly. I think the minister moved much too quickly and as a result has got himself into some difficulty.

There is one intriguing part of this budget I should like to mention tonight in connection with income tax. It was introduced by the minister in these words, to be found at page 1007 of *Hansard* for June 13:

The source of revenue which we shall seek on a non-recurring basis relates to the income tax on corporations. It is desirable that corporations should pay their income tax as their income is earned to a greater extent than they do at present.

I must admit that what has intrigued me about this particular paragraph, the import of which is now clause 13, is that it is a tax increase which is not a tax increase. It is the old hat trick where there is an increase in taxation which is in fact not an increase. It has made me wonder how the minister could draw this rabbit out of the hat to the extent of \$220 million in corporation income tax without increasing taxation.

I have looked into this matter and, after investigation, I am led to the belief that it was just a gimmick and in fact will not do what it is intended to do. I think the minister intended to use this means to raise another \$220 million revenue without damaging the corporation tax structure or increasing corporation income tax, and he did it by the simple expedient of making the tax payable earlier. In my opinion, Mr. Chairman, making the tax payable earlier is no different, in the circumstances in which it has been introduced, from paying more tax. It is called a non-recurring tax, and certainly it cannot recur. Because instead of starting to pay tax at the end of June in each year when returns are filed, the tax is now payable two months earlier, or at least the payments are started two months earlier.

There are two difficulties in this connection. The first difficulty is the accounting one. I do not want to take issue with the minister on the subject of accounting, but I am told that the taxation at an earlier date, even if the returns do not have to be filed until later, is going to cause a great deal of difficulty for accountants who are doing work both on personal income tax and corporation tax. In any case the accountants—

**Mr. Benson:** Mr. Chairman, could I ask the hon. member a question?

**Mr. Aiken:** Yes.

**Mr. Benson:** Could he explain to me how one can cause an accounting problem merely by corporations paying their taxes faster?

**Mr. Aiken:** Yes, Mr. Chairman. My information is that accountants are required to make an estimate or calculation of the income tax due by April 30, because that is the date on which the first payment is made. On that date a calculation of income tax must be estimated by the accountant. I am saying to the parliamentary secretary that I am told—and I have to go on what I am told—that at this time most accountants are deeply involved in personal income tax matters and—

**Mr. Benson:** Mr. Chairman—

**Mr. Aiken:** May I just finish; I will be glad to have the parliamentary secretary correct me if I am wrong. I am told that at this time accountants are very much involved in personal income tax matters, and that they must make estimates for a good many of the corporations in connection with payments which begin at the end of April. The second difficulty is that in fact the tax becomes payable earlier, and while it is non-recurring in the year in which this tax now becomes payable, there is an additional \$220 million payable, and payable at a time when a good many of the corporations involved are making expenditures for the current year's business. This is money which could very well be used to prepare for the year's business rather than to make earlier payments of income tax. I am advised that the earlier payment of tax does in fact increase the revenue, although it does not appear to. I would be glad to answer the parliamentary secretary now.

**Mr. Benson:** I have another question, if the hon. member would permit it. Does he not know that all that is required in order to calculate one's instalment of tax is merely to take one eleventh of the previous year's tax and pay it each month? This involves no accounting difficulty except a simple division, and as a practising accountant I can see no serious problem.