

*Family Allowances*

income, you must produce a social insurance number. I believe I am correct in saying that figures recently published show that about 80 per cent of Canadians now have these numbers. In any case, a large proportion of Canadians have social insurance numbers and it does not seem to be a matter that is creating a great deal of concern.

● (2112)

Nevertheless, if, as the right hon. member for Prince Albert indicated, you do not have a SIN number and simply cannot stand to have a number for that purpose, even though you will have numbers if you have any kind of a charge account card, a department store card, a bank account, a licence or a telephone, a mailing address etc., if you insist that you will not, under any condition, have a social insurance number, then fine, you are not obligated to get one. The Department of National Revenue says "All right, we will not be able to trace in your case, under normal circumstances, whether you declare that income or not; what we will do is withhold 25 per cent of the interest that is otherwise payable to you. You can then have that interest back at the time you file your income tax return."

I know the hon. member for Edmonton West is concerned that some people may have received bonds from their husbands, or husbands from their wives, and under certain provisions in the Income Tax Act which have been there for a long time, the income is deemed to fall in the hands of the donor, but they may not be subject to income tax and never ordinarily have to file an income tax return.

The point is that this 25 per cent deduction is not a penalty, it is a withholding tax. The hon. member for Edmonton West knows there is quite a significant difference under the Income Tax Act between penalties and withholding tax. They are entirely different things. A penalty is something that you have to pay because you have done something wrong in accordance with the requirements of the Income Tax Act. A withholding tax is something that is deducted and later returned to you if you are eligible, either in the form of a reimbursement or as a deduction from your tax otherwise payable.

In raising this issue here, I suggest the hon. member for Edmonton West is confusing two entirely separate issues. I have been speaking of the requirements under the Income Tax Act for a withholding tax under section 234(5) for bond coupons that are cashed. There is also, as he mentioned, a requirement in the Income Tax Act under subsection (2) of section 237 that requires you to use your social insurance number when you file an income tax return. That provision has been in the act for ten or 12 years, passed by an earlier parliament and enshrined in the laws of our country. He is confusing these two things with two other requirements under the Income Tax Act which have nothing whatever to do with social insurance numbers. He is relating the problem to clause 7 of the present bill.

I would be delighted to get to clause 7, but we are talking about it on clause 1. Be that as it may, the requirement under

[Mr. Martin.]

this particular bill has nothing to do with social insurance numbers. Indeed, it does speak to a penalty, not a withholding tax, and it provides a penalty if you make false statements.

**Mr. Lambert (Edmonton West):** Or omit to fill in a form.

**Mr. Martin:** That is already covered in the Income Tax Act under section 162, subsection (3)—failure to provide complete information. Also, I believe section 163, subsection (2), which is statements or omissions in filing returns applies. It is clearly indicated in the literature that accompanies clause 7 that all we are attempting to do in this particular clause is to extend the penalty provisions under section 163, subsection (2). In other words, if you make false statements under the Income Tax Act you have a problem and you are subject to a penalty of 25 per cent; not a withholding tax—a penalty, a fee, a fine. All that is being said in clause 7 of this bill is that that kind of a fine will also be applicable if you make false statements when applying for this new child tax credit.

**Mr. Lambert (Edmonton West):** Or omit to fill in a form.

**Mr. Martin:** It is as simple as that and nothing more. It has nothing whatsoever to do with the issue of the social insurance numbers, which I know still concerns the hon. member for Edmonton West. His concern may or may not be appropriate; I do not think it is. I do not think the argument has any place in this bill, particularly clause 7 which, as I say, has nothing to do with the particular problem relating to social insurance numbers.

[Translation]

**The Chairman:** Order. I must point out to the hon. member that the time allotted to him has now expired.

[English]

**Mr. Epp:** Mr. Chairman, I would like to place some questions before the minister and the parliamentary secretary and follow up questions put by the hon. member for Churchill. I do not think we have yet had the answers we need. First, respecting status Indians living on reservations, are they liable to the payment of income tax?

**Miss Bégin:** No.

**Mr. Epp:** In view of that fact, will status Indian mothers living on reservations have to file income tax returns to collect the child tax credit?

**Miss Bégin:** The child tax credit to be received will involve one form or more in connection with the income tax system. That is one of the points I intend to take up with the National Indian Brotherhood.

**Mr. Epp:** The Minister said this afternoon that we have spent too much time on this bill. I think we pointed out quite conclusively that this was not the case and in fact that two days had gone by without debate on Bill C-10 other than for some 40 minutes on the one day and 35 minutes on the other. Now the minister says she wants to meet with the National