

Motions for Papers

[English]

MOTIONS FOR PAPERS

Mr. Speaker: Shall all notices of motions for the production of papers be allowed to stand?

Some Hon. Members: Agreed.

[Translation]

Mr. Speaker: I wish to inform the House that because of the ministerial statement, the sitting will be extended by 13 minutes this day.

• (1530)

GOVERNMENT ORDERS

[English]

INCOME TAX ACT

MEASURE TO AMEND

Hon. Tom Hockin (Minister of State (Finance)) moved that Bill C-11, an Act to amend the Income Tax Act, be read the second time and referred to a Legislative Committee.

He said: Mr. Speaker, it is a pleasure to rise in the House today and move the second reading of this Bill. It is an honour for me to be able to speak to this Bill, which is the first piece of legislation resulting from the February budget to come before this House for consideration. The House knows that other legislation will be with us very shortly, but the subject matter of this Bill is especially urgent and important, and it is very appropriate that it should come first.

Very briefly, the provisions of this Bill will enable us to proceed with an interim payment of a portion of the child tax credit to eligible Canadians with incomes below \$15,000. I know that this Bill's provisions will be widely supported. I hope that its undoubted beneficial effects for more than 700,000 Canadian families with low incomes will ensure rapid passage.

As you are aware, Mr. Speaker, when this measure was announced by the Minister of Finance (Mr. Wilson) in February, he stated his desire that this payment should be made by the end of November, before Christmas. For that to happen it is important that this legislation not be unduly delayed. It is in the interests of those Canadians who will be receiving the interim payments as well to proceed expeditiously.

The purpose of this measure is clear I think to all Members of the House. As the Minister of Finance pointed out in February, those who now receive the whole child tax credit need help most urgently as they move into the winter season, rather than in March or April when they would normally receive the proceeds of the credit. Too often when this payment is needed it comes too late. This most important Bill guarantees this prepayment and gets it to those most in need at

a time when they most need it, which is before Christmas when expenses are high.

I want to make a second point as well. As a Government, we are concerned about the degree to which the poor suffer when they resort to the services of tax discounters. The provisions of Bill C-11 should significantly reduce the number of people forced to use the services of discounters because the needs of their children will not wait until the spring. I remember, Mr. Speaker, serving on the parliamentary committee that looked into tax discounting. Bill C-11 goes a long way to meeting the concerns raised in that committee, and it complements recent legislation which restricts the amount which can be charged by tax discounters. With this piece of legislation we are ensuring that families receive the full value of the benefit to which they are entitled, and the Government will be certain that the benefit is going to those for whom it is designed.

The heart of this legislation is in Clause 4 which adds a new Section 164.1 to the Income Tax Act. What does this clause do? This clause provides for prepayment of a portion of the child tax credit to families who qualified for it in taxation years beginning in 1986. For this year the amount has been set at \$300 per eligible child. For example, a low income family with three children will receive \$900 for the eligible children and a low income family with four children will receive \$1,200, within months, directly from the Government of Canada under this Bill.

The basis for the prepayment that will be used is the tax return filed for the previous taxation year, and it is therefore possible that circumstances may have changed. Application is not necessary. The basis for prepayment is the tax return filed for the previous year. Clause 4 also sets out the arrangements by which, if the advance is more than the actual entitlement, which could happen occasionally, the excess will be recovered.

As a result of passage of this legislation, almost three-quarters of a million families with incomes below \$15,000 will receive significant help. They are for the most part those who will be entitled to the full tax credit. They will receive the rest of the money to which they are entitled when they file their tax returns in the usual way.

What is particularly significant, and which I think all Members of the House will recognize, is that this payment is automatic. The payment does not require red tape and applications. No application will be necessary for those who are entitled, although all those who do receive it will have to file tax returns for the 1986 taxation year.

There is one important further change in this legislation. Until now, if a child eligible for the tax credit dies in a year, the tax filer has not been entitled to the credit for that year. I remember this item being discussed in some detail in the Standing Committee on National Health and Welfare, and important testimony was heard in that regard. This provision is being changed so that a family will be entitled to receive the credit. In short, if a child eligible for the tax credit dies in a year, the family will be entitled to receive the credit.