

Supply—National Revenue

In Quebec this was called not a corporation tax but an education tax. It is called a corporation tax in my argument here because it was applied to corporations. I just want to repeat what I think is one of the strongest arguments for the action we took. Under ordinary circumstances all school taxes imposed on property used in business are treated as proper deductions when determining the profits of that business. In view of the fact that the Quebec education tax was imposed for the purpose of improving the financial position of schools in the province it was felt that there was an element of discrimination in disallowing this particular tax imposed by one province, due to the fact that it was deemed to fall within the meaning of corporation tax.

I am not in this job to squander the revenues of Canada, and it was just as repugnant to me to have to give back \$3 or \$4 million in this particular instance as it would be to anyone else to have to remit money. I think the position the government took in settling this on the basis of a remission of 50 per cent was good business. I would much sooner take a chance, as we did in this instance, and get half the tax than to go to the supreme court and possibly lose it all.

Mr. Zaplitny: May I refer the minister to the words contained in the judgment of Mr. Justice Cameron in which he discussed this question of whether it was a corporation tax. He said:

My opinion, therefore, is that the payments in question made by the respondent fall within the definition of "specific corporation tax" as found in the regulation and do not fall within any of the exceptions contained therein.

The minister has referred to his own statement, but he has put a slightly different interpretation on this and I am quite certain that mine is correct. The minister was arguing not that it was a corporation tax because he called it that, but that it was in fact and in law a corporation tax, not only a corporation tax on the statute books of Canada but a corporation tax where it was paid. Has the minister withdrawn from that position? Is he prepared to argue now that it was in fact a corporation tax, or does he wish to take the other side of the argument posed before the exchequer court and argue that it was an education tax?

Mr. Barnett: I was quite interested when the minister said the province had called this tax by a certain name. In British Columbia we have a tax which some of us call a sales tax, but when it was introduced it was called a social security and municipal aid tax. Just because a provincial government chooses to

[Mr. McCann.]

call it something else would not exclude the possibility of it being a sales tax. I was trying to follow the reasoning of the minister when he suggested that because a province put a certain label on a tax, that made it something other than it would ordinarily be considered to be.

Mr. White (Middlesex East): Mr. Chairman, the minister's estimates have been running along quite nicely and I am wondering whether at this late hour I should take up any time, but there are two or three matters I want to bring to the minister's attention in connection with income tax as it applies to individuals. A different situation exists, depending on which side of the fence you are. If you are imposing a tax things may not look too bad, but if the tax is being imposed upon you then things look a little different.

Mr. McCann: I happen to be on both sides.

Mr. White (Middlesex East): That is true. I am speaking for my constituents. As I have said many times before, these people are no different from hundreds and thousands of taxpayers across Canada. We hear expressions such as the bamboo curtain, the iron curtain and so on, but the minister's department has a curtain of terror. When a taxpayer gets a notice from the department he is not too certain just what is going to happen. We have read of the gestapo and what happens in totalitarian countries, we have read of the inquisition of many years ago, but I have had people come to me who have received notices from the department and I do not think they could be any more in fear if they were going to be charged by the gestapo.

The very thing which the hon. member for Dauphin has just mentioned, the wide discretionary powers of the minister, creates a certain amount of doubt and suspicion in the minds of the taxpayers as to whether everyone is being treated alike. I think a bit of public relations work on the part of the minister's department would be advantageous. I notice that the costs of the department are \$65 million, but \$4,000 million were collected and it would appear from this that the department is being efficiently operated.

Just to give the committee an idea of how this works, a young man in my constituency started farming for himself four or five years ago. He was quite successful during the first three years. He employed an accountant and placed all his figures before him. As a single man he realized that probably he would be liable to some tax. He did not try to evade anything. He paid whatever tax was due.

This went on for three years. Last year was a bad year, and he was not able to