

Excise Tax Act

to ask the Hon. Member where he got the figure of \$8 billion because I believe that was the most important figure mentioned in his speech. I believe he mentioned \$8 billion was a result of the loss of revenue to the federal Government because the Government gave up, as I understand what the Hon. Member said, the Petroleum Gas Revenue Tax. I think the Hon. Member used a figure of \$8 billion. I wonder if he could give us a more exact figure and tell the House where he got the figure.

Mr. Garneau: Mr. Speaker, it is very clear. I made that figure public a few days after the Budget. It is from a secret document which was leaked and I had a copy of it. Finally, later on, it was confirmed by the Government and by a senior official in the Department of Finance as a document which had been prepared by the Department. It states that in 1985-86 the Government will lose \$124 million; in 1986-87, \$920 million and in the last—

[*Translation*]

The Acting Speaker (Mr. Charest): Order, please. Questions and comments are now over. Debate. The Hon. Parliamentary Secretary to Minister of Finance (Mr. Lanthier).

Mr. Claude Lanthier (Parliamentary Secretary to Minister of Finance): Mr. Speaker, this Bill implements budget proposals relating to the federal excise and sales taxes and the excise duty as announced by the Minister of Finance in his Budget of May 23 last, which incidentally followed upon the financial statement and primary adjustment that took place earlier in November.

Our economic recovery, Mr. Speaker, therefore originates both in the financial adjustment of November and in the progressive provisions contained in the last budget.

This Bill, Mr. Speaker, is indeed not just an income generating instrument. Most of its provisions deal instead with legal matters in order to improve the efficiency and effectiveness of our tax system and clearly define the rights and duties of taxpayers, not to mention the fact that we also made a point to clearly enshrine in this legislation the tax collection process as well as an appeal mechanism for taxpayers. Until now, there has been no provision in the Excise Tax Act to establish the direct assessment of a taxpayer in terms of sales or excise taxes. There was no provision for a possible limited use of an appeal procedure, a so-called independent arbitration procedure, if the taxpayer disagreed with Revenue Canada.

● (1600)

This Bill provides a complete assessment and appeal system which is based on if not directly lifted from the new income tax system. We have included in that system the principle of non-payment of appealed taxes, a provision similar to what is found in the Income Tax Act, namely the basic principle that no Canadian citizen should be condemned until he has been tried.

Appeals can be lodged either through the grievance procedure or the assessment system. The Minister of National Revenue can also refer to the courts any matter arising out of the provisions of the Act. The first appeal procedure provides a three-step process for refund applications. The Minister will then have to consider with all due dispatch the notice of objection and establish whether a refund is payable, and send to the person objecting a notice of decision. Under the present legislation, the Minister shall pay the amount owing and as the case may be, specify on the notice of decision the reasons for rejecting the objection.

The appeals procedure may also be used as a result of a new power given to the Minister of National Revenue to determine the official tax assessments. These assessments will generally be made on the basis of a check of the files and registers of the taxpayer if his overall assessment is limited to the four years of operation prior to the assessment notice. Only in cases of obstruction, fraud and blatant misrepresentations will there be exceptions to that procedure.

Taxpayers will also have the opportunity to discuss in an informal way the conclusions of the auditor with representatives of Revenue Canada before an assessment is made. This is an important step, even in an official appeal mechanism, because experience has shown that many differences can be settled out of court at this preliminary stage. If taxpayers wish to have other informal discussions, they will also have the opportunity to give up the prescription period for assessments on any matter. This mechanism could also be used when an immediate audit would cause specific difficulties to the taxpayer.

The Canadian taxpayer will be able to oppose an assessment he finds unreasonable or a decision on a refund application he finds questionable, by producing a notice of objection within 90 days after receiving the assessment or decision. An independent appeals division already exists at Revenue Canada, Customs and Excise, to advise the Minister on the validity of objections. After that preliminary study, the Minister will have to give a justified notice of appropriate decision.

This Bill will give the Canadian taxpayer the right to be heard by the Minister himself when the latter objects to an assessment or a refund application, and to be clearly informed of the reason why the Minister thinks the objecting taxpayer owes taxes or has no right to a refund. The new mechanism increases the rights of the taxpayer under this new legislation. For example, the Canadian taxpayer can appeal the decision of the Minister within 90 days to the Tariff Board or the Federal Court Trial Division.

The legislation will give the Tariff Board new powers similar to those of the Tax Court of Canada. It will enable the Tariff Board to hear most cases dealing with objections to assessments and it will even permit it to take direct corrective action if necessary.