

Income Tax Act

In the course of the arguments that have been made, in addition to some useful points there have been some inaccurate statements which need correcting. For instance, the former leader of the New Democratic Party has been going around the country for some time now talking about the wonderful things the Carter commission would do for Canadians. One of his inaccurate statements, which I think it is about time was laid to rest, is this. On numerous occasions he has stated that a person who receives an income of \$6,000 as dividends from taxable Canadian corporations would receive much better treatment under the old system, or under the new system, than he would under Carter; that he would receive a great deal of benefit which a person earning the same income from salary would not receive.

I should like to remind the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas)—I am sorry he is not in the House this afternoon; I see only one member of that party here for this important debate—that if we had followed the Carter formula, a person earning \$6,000 in income by way of tax dividends from a taxable Canadian corporation not only would not have paid tax on those dividends, but would have received a refund. This refund would be chargeable against his other tax. The Carter formula would bring complete integration of the tax system and a credit carried over from what the corporation has paid would be applied against one's personal tax.

• (3:20 p.m.)

The new system and formula in the bill before us will not only alleviate that discrepancy in the Carter formula but will provide a graduated scale for people who will receive these benefits, in such a way that those with lower incomes will receive a greater benefit than those with higher incomes. I suggest that is a benefit to the taxpayers of Canada. It is worth saying, at the same time, that this country needs the investment of risk money which Canadians are prepared to put up in order to expand Canadian industry and provide the jobs Canadians need. This is worth saying over and over again.

Let me say, for the benefit of the NDP—which professes to show concern about the unemployed in Canada—that the things they protest about most are those things which bring about greater employment. I refer to the profit on investment in Canadian industry. Unless there is some hope of return on investment, Canadians will keep their money in their socks. I remind hon. members of the NDP party, using the argument of the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), that the man who makes \$6,000 profit on investment in Canadian corporations probably has had to save something like \$150,000 or \$200,000 and has deferred the benefits of that money by lending it to a corporation in order to get the \$6,000. I do not think that is an exorbitant profit, and certainly it provides a useful service to all Canadians.

I wish to endorse some arguments which have been presented in the course of the debate. There should be some changes in the bill regarding the tax on co-operatives and credit unions. This is an important source of savings in Canada. It is important to the small savers in our society who put money into credit unions in many rural communities. This is perhaps the only source of savings available for business expansion, and I suggest to

the Minister of Finance (Mr. Benson)—I hope his Parliamentary Secretary is listening very carefully—that there should be a change in the provisions regarding co-operatives and credit unions.

Mr. Nielsen: Call him on the telephone.

Mr. Howard (Okanagan Boundary): I want to say something about the changes in the tax law in respect of expenses allowed on apartment construction under the proposed formula. There has been a change from the original white paper formula, allowing income from another occupation to be written off as interest and property taxes charged against apartment dwellings. This is an improvement over the white paper formula. I argue that the failure to allow depreciation as write-off against other income, while in some ways it may appear to be inequitable may in the long run result in fewer apartment buildings or rental properties being made available to Canadians. I ask the Minister of Finance and his parliamentary secretary if that is really what they want. If a man takes money from one occupation and is willing to invest it in an apartment operation, from which there has been little return—and an examination of the returns on apartment investments will show that the returns have been very small—

Mr. Nielsen: Ask your minister to listen to you.

Mr. Howard (Okanagan Boundary): —if there is some way of increasing that return it will redound to the benefit of the people who want to inhabit these apartments. Anything we do that lessens the return on that kind of investment will increase the cost of apartment accommodation. This will apply over the whole range of apartment dwellings: it will apply not only to expensive apartments but to the full range of apartments from top to bottom. I hope the parliamentary secretary will give more consideration to this point and that when we come to a clause by clause study of this bill an amendment will be made to remove what I think is an unfortunate provision.

I do not want to speak at length on this bill because I recognize the urgency of passing it. I recognize, also, that the reforms contained in the bill are worthy of implementation and we should get on with the job as quickly as possible. I said earlier we did not need stories from the Conservative party to the effect that taxation will cause cancer, sexual impotency and all the other evils associated with that subject. We do not need further lectures about peculiar monetary theories to help us understand this tax bill. We do need tax stability in Canada—and we need a quieting down of the discussion that has taken place.

The businessman wants to know where he stands. The longer we discuss this matter and the longer we put off our decision and vote on third reading of the bill, the longer stability will be prevented to the detriment of all Canadians. I say to the hon. members on the other side of the House that Christmas is not far away.

Mr. Nielsen: But Santa Claus is.

Mr. Paproski: You are no Santa Claus and neither is the government.