

Income Tax

Even elderly persons who were born in this country find difficulty getting a birth certificate. Then there has to be secondary evidence, for example, a driving licence. But very few people over the age of 75 have driving licences, particularly if they are women. Then there are tax notices if property happens to be held in joint tenancy. There are all sorts of things. I have received any number of phone calls at my constituency office about this. And it is all totally unnecessary from the point of view of the public.

Of course some bureaucrat thinks it is great. Mr. Speaker, we do not run this country for the benefit of the bureaucrats, or at least we should not. The bureaucrats should be there for the benefit of the people, not the people for the bureaucracy. Yet, I am sorry to say, that is what we have come to. We are now being enmeshed, roped in, tied together for the benefit of some bureaucratic machine.

I can recall the days when social insurance numbers were introduced. It was clear then that they would be used more and more, that there would one day be an absolute requirement to be identified by such numbers. So help me, I am sure some bureaucrat is going to say that from the day a child is born, "We can get the footprint off that child and issue a social security number right away."

As far as I am concerned, clause 75 of Bill C-22 should never have been passed. Back in the summer, of course, government backbenchers didn't even know it existed. I am sure the present Minister of National Revenue did not even know it existed at that time. I want to ask him to tell us what he intends to do about it and I should like him to give us information with regard to agreements, some of them secret agreements which are never published—

Mr. Guay (St. Boniface): They are not secret agreements.

Mr. Lambert (Edmonton West): They were secret agreements because they were kept from the attorney general of Alberta. The minister and I have a difference of opinion here, because I have read the testimony given before the Laycraft inquiry and he has not. I do not think he is really aware of what went on at that inquiry.

I turn, now, to another area. Last fall, I believe, the department issued an interpretive bulletin having to do with loans to employees to purchase shares or to finance housing. The minister was arbitrarily fixing the rate of interest to these employers at 8 per cent because, somehow or other, the volume of these loans had grown to such a point that the department had decided to tax the benefit of the lower interest rate. Well, Mr. Speaker, I do not know that the nature of any of these loans was changed by their frequency.

Business institutions in this country often made loans to some of their executives or employees being transferred from one part of the country to another, in order to assist them to relocate—they were prepared to make a loan amounting to almost 50 per cent of the value of the house; there might be no interest payable for the first two years and perhaps an interest rate of 4 per cent or 5 per cent for the balance of the term. The

[Mr. Lambert (Edmonton West).]

same practice was followed with regard to the purchase of shares in the company to be held by employees.

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The former minister said that in accordance with Section 6 of the Income Tax Act she was deeming this a benefit and arbitrarily setting the interest rate at 8 per cent. Therefore the difference between 8 per cent and the actual rate paid by the employee was deemed to be a benefit added on to income, and to be taxed at the marginal rate. We asked some questions about this. We now see the minister incorporating it, not through an interpretation bulletin but in a clause of Bill C-11.

Now there is an exemption. First of all, loans to employees to buy shares will be exempt. Therefore a company can lend \$50,000 or \$100,000 to a manager at 2 per cent, one per cent, or at no interest at all, to buy shares in the company, and this is not to be deemed a benefit. If a manager or junior executive in the firm is transferred, a mortgage of up to \$50,000 at anything less than 8 per cent which is advanced will not be considered a benefit. Then we have what I might call a nuisance threshold whereby any benefit of less than \$500 will not be taxed; it will be exempt.

Why get into this whole area in the first place, Mr. Speaker? A \$50,000 low interest loan to buy a home goes a long way; I do not suppose there would be very many such advances. There will also be precious few \$50,000 or \$100,000 advances to buy shares in a company. I should like to tell both ministers that there are many other benefits which are given to employees, such as low cost meals in cafeterias, free parking and suchlike. If the Minister of National Revenue is going to interpret Section 6 of the act as granting certain benefits which are taxable, he will have to get up early in the morning and work until late at night because the list will be very long.

This practice was quite all right two years ago, but now this year the practice has become tainted because the minister apparently feels there is too much of it. He means there is not enough of it among the assessors of the department; they feel cheated. Perhaps the Department of National Revenue should start making loans to some of its employees as they are transferred across the country. If that were so I do not think we would hear too much about this practice. I suggest to both ministers that this particular provision in the Income Tax Act should be withdrawn because it is nitpicking. It will not raise very much revenue and will create further complications, so why get into it? Are Canadians not taxed enough as it is?

Let me cite some figures provided by both ministers. On March 31 the former minister of finance estimated that in the year 1976-77 \$14,885 million would be collected in personal income taxes. The present Minister of Finance on October 20 revised this figure to \$14,620 million; in other words, there was a drop of \$265 million. But what is the forecast? Even with these cuts the figure is \$14,100 million. This is almost three times the corporate income tax estimate.

Mr. Benjamin: Shame!