

they have been in force, they are the main mechanism enabling Revenue Canada to collect unremitted source deductions.

I should of course indicate that, through garnishment, Revenue Canada can intercept payments which, while being payable to a tax debtor, are made instead to the creditor of the tax debtor under a guarantee agreement such as the assignment of receivables.

In the case of a person who failed to remit the required source deductions, after the enhanced garnishment letter has been served, the amount seized has to be paid to Revenue Canada instead of the secured creditor.

The financial implications of the Alberta Court of Appeal were substantial. The unremitted source deductions have reached 100 to 200 billion dollars a year in the past few years. Therefore, we decided to pass legislation to dispel uncertainties.

I want to point out an important aspect of this amendment. This bill simply confirms the initial purpose of those procedures. It does not give Revenue Canada new powers and really changes nothing in that some courts have recognized the initial intent of the bill. However, the amendments to the bill will prevent unnecessary litigation.

The second situation which Bill C-51 remedies is the result of a mistake which was made when Bill C-139, an Act to amend the Income Tax Act, was adopted during the last session of Parliament. When the time came to amend the sub-sections to Section 227, a correlative amendment was inadvertently left out. Therefore, the rules preventing Revenue Canada from taking recovery action in connection with an unpaid income tax amount within 90 days after the day on which the notice was mailed to the taxpayer or until such time a tribunal has ruled on all issues surrounding the responsibility concerning payment of these taxes, became applicable to the unpaid income tax collected at source.

That was not intentional. It had been expressly stated that these rules, when they came initially into force, would not apply to such amounts. This bill, therefore, re-establishes the rule whereby Revenue Canada is prevented from taking recovery action in connection with the amounts in controversy, do not apply in the case of unpaid income tax deducted at source.

Government Orders

Before I conclude, Madam Speaker, I should like to comment on two issues which the Committee has addressed.

When the Committee considered Bill C-51, the clause concerning the coming into force of the proposed amendments to the extended measures for garnishment was hotly debated.

The proposed amendments will apply after December 17, 1987, in the case of moneys Revenue Canada seeks to recover after mailing a notice of garnishment after that date, except if the legal recovery procedure were instituted following that date and before the Government indicated its intention to make amendments, specifically on November 6, 1989.

This provision is adequate because the amendments only confirm the intention that the legislator wanted to give it initially. It is to be noted that in respect of the Courts, the amendments do not apply to matters pending before the November 7, 1989 announcement. The clause governing the coming into force in this bill should discourage any useless lawsuit.

It should be noted that the enactment provision does not penalize employers who willingly paid the deductions at source in accordance with their understanding of the law or of the intention of the legislator.

Quite obviously they had no intention of appealing the validity of garnishment procedures, as evidenced by the fact that they did not take legal action between the time the Alberta Court of Appeal rendered its decision in June 1989 and November 7, 1989 when the ways and means motion was tabled.

Another issue raised in committee had to do with the impact of the legislation on the granting of credit. In this respect I ought to point out that the bill only confirms the original intention of the legislator. These are not new provisions. In any case, since the provisions came into force in December 1987, there is no indication that enhanced garnishment has had a negative impact on the granting of credit.

[*English*]

Mr. Jerry Pickard (Essex—Kent): Madam Speaker, I rise today to state my concerns with regard to Bill C-51. Basically, it is a very good piece of legislation. It re-establishes the garnishment authority that our gov-