

Income Tax

Income tax legislation, especially as it relates to Canadian-controlled private corporations, is becoming so complex that it is all but incomprehensible to the businessmen who are paying the taxes.

But what about the private taxpayer, the ordinary individual who may have some investment income? He cannot rely upon his own expertise to decipher this garbled document in the way that would assist him to file his tax return. Over the years we have accumulated a tax system that has hindered economic growth, hindered investment, hindered the average individual from participating in the productive growth and enterprise of the country. The Bill before us only adds to that complexity.

Some Members told us about their experiences with the Department of National Revenue and the difficulties they encountered trying to determine what legislation applied to certain cases. If we do not clean up our act, Mr. Speaker, what is at stake is the total integrity of the tax system. It must be understood and supported and have the confidence of the people, otherwise the whole system will break down.

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, I am pleased to be able to participate in this debate on the revisions of the Income Tax Act, Bill C-139, as it gives me an opportunity to intervene on behalf of some of my constituents and some taxpayers of Canada. Under the present regime, two Departments of Government perform a giant pincer movement as the armies did during World War II. One army goes around in one direction and the other goes the other way in an effort to trap as many people in the centre as they can. On the one hand we have the Minister of Finance (Mr. Lalonde) doing his work as one arm of the pincer movement and on the other the Minister of National Revenue (Mr. Bussi eres) through the income tax Department moving in the other direction to cut off as many taxpayers as possible and to garner as much as they can into the coffers of Government.

• (1700)

What is remarkable about the debate is that the Liberals are not debating it. I have sat here for two hours this afternoon during the debating part of this session, and not one Liberal spoke. I sat here during this morning's session for an hour and a half, and not one Liberal spoke. When the Secretary of State for External Affairs (Mr. MacEachen) presented his budget as Minister of Finance, I remember there were Government backbenchers going around the country saying that it was a bad budget. I remember the Hon. Member for Kitchener (Mr. Lang) saying that the provisions regarding the tax structure for life insurance were bad, but he came back to the House and voted for the measures. We have that spectacle recurring time and time again with Government Members on the one hand privately opposing everything the Government does—philosophically they might be opposed to it—but on the other hand coming into the House and voting for Government measures. Somewhere along the line they know that in the future there will be parliamentary secretaryships available to them. When they leave the Chamber, there might be a commission, they might be appointed to a board, or perhaps they will be citizenship court judges, but some kind of favour will be bestowed on them if they stay in line as long as they are members of their caucus. Thus they vote; but today they are

not speaking. The Government can willy-nilly do pretty well what it wants with measures like this.

I think we have before us a Bill which underscores the perspective of the Government that all money in the country belongs to the Government, except that which it allows taxpayers to have through its gratuities. This is underscored through the language of the former Minister of Finance when he first made some of the proposals on which we have now seen some backtracking.

During the fateful budget debate of November 1981, the House will recall that the Minister was then talking about loopholes. That concept indicates that everything current belongs to the Government but that some sneaky taxpayers have found ways around what really belongs to the Government, and that now we have to close off the loopholes. Those loopholes were called provisions by previous Ministers of Finance, or some other innocuous term. They were specifically designed to provide an incentive to the taxpayer so that he could keep as much money as possible and reinvest it in the economy, because that was the productive centre of Canada.

But the good Member from Cape Breton decided that the Government was more productive and needed the money more than the taxpayer, and suddenly they were loopholes. As the bottom of that lies the perspective that everything belongs to Government except that which, through the kindness of its heart, it allows taxpayers to have. Because of this concept, the Canadian taxpayer feels overtaxed. It has become an onerous burden to him. I believe that every taxpayer knows that the Government is entitled to a fair share of the income of Canada in order to run programs. There is a fair share, and somehow there is a kind of subconscious line for the taxpayer which he knows is legitimate for the Government to take, but he also has a kind of intangible sense of rightness and, when that is violated by the Government, the taxpayer becomes incensed and feels he has been wrong.

After that happens, the taxpayer can easily justify finding ways around it. He will look for ways to dodge the tax Department and the provisions within the Income Tax Act.

Mr. Thacker: The underground economy.

Mr. Friesen: As the Hon. Member for Lethbridge-Foothills (Mr. Thacker) says, we get an underground economy. We have the spectacle of the Government creating a nation of potential tax dodgers. With it comes a kind of subtle load of potential guilt for the taxpayer because he has broken the law. Historically the Canadian citizen does not want to be a lawbreaker. He wants to obey the law, but the onerous burden of tax creates potentially a nation of lawbreakers with the concomitant guilt.

Let me illustrate what the Government has done. I do not mind saying that I am not a total illiterate in language. I am a burnt-out English teacher, so I do not think I am totally illiterate. I want to read what the tax law says regarding reasonable standby charge for the minimum amount. The jargon reads: