

stack the grant with this R and D tax credit system. However, if a small businessman spends his money on R and D, he does not get any money back. He can write off some. He has his tax credits which can be written off. He gets it back somehow that way. Strangely enough, if we analyse it, big businessmen will do better than small businessmen. The way they are calculated, R and D tax credits are somewhat more profitable for big business than for small business. How do they write off R and D tax credits if they want to pass them along to investors? They go through the prospectus, see the broker and set up a new system.

I see Mr. Speaker rising. I would appreciate unanimous consent to proceed.

Mr. Deputy Speaker: Is there unanimous consent for the Hon. Member to extend his remarks?

Some Hon. Members: Agreed.

Mr. Blenkarn: I thank the House. If a small businessman wants to sell some shares, perhaps he could pass his shares and R and D tax credits over to the big, fat fellow down the street who has lots of money and lots of income. He can take the R and D tax credits and receive a 50 per cent credit against his taxes. For example, if he paid tax at a marginal rate of 30 per cent, in effect he could wipe out his entire taxes. However, if one is running a business and has no profit, all one can do is carry the R and D tax credits back three years and forward seven years. I am glad that can be done. It is an important advantage, but that is all one can do. Strangely enough, the tax credits are deductible against the amount of R and D investment. When the tax calculations are completed, small companies do not do as well as big ones.

Let me wind up my analysis of the statute by saying that it is impossibly complicated. I venture to say without fear of contradiction that no Member of the House could easily explain the sections of the Act. There are Hon. Members who earned their living in their prior occupations as tax consultants, however there is probably not one of them who can say that he or she totally understands the provisions of the Bill. When the Hon. Member for Montmorency-Orléans (Mr. Duclos) said that we should pass this in a hurry—

Mr. Duclos: That is not what I said.

Mr. Blenkarn: —he must have been really telling us to close our eyes and believe in Big Brother because Big Brother would look after us. It creates a Part VII tax and a Part VIII tax in companies. I do know how they will explain that to businessmen in their constituencies. I will have a difficult time in my constituency, although I have spent many hours studying this Bill. It begs relevance to business. If they really wanted to help R and D, why did they not introduce a straight refundable credit back to companies which made the investment without regard to whether or not they paid tax? That is not difficult. Why are they prepared to pass on the tax credit in full to an investor but are not prepared to give it to the company that actually made the investment? Why are they not prepared to

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do the same thing with investment tax credits? It would be simpler and certainly fairer, but it would not help brokers, lawyers and tax accountants.

Should they be helped? I commend for the attention of the House an address given by the Minister of State for Economic and Regional Development (Mr. Johnston) to the Canadian Tax Foundation in Montreal on Tuesday, November 29, 1983. I commend it as compulsory reading for Hon. Members of the House. I almost totally agree with everything the Minister said. It is too bad he is not the Minister of Finance; if he believes what he said in his speech, this Bill would not be before the House.

Mr. Fisher: Mr. Speaker, my colleague and companion from Mississauga has made his usual provocative speech on tax matters. I would like to start out by saying that he referred to tax practitioners, which he has been in the past. Based upon his reflections today, he will not return to that profession in the future when he is retired after the next election. His advice was not worth a wooden nickel.

I would like to ask him about his give and take proposal; I have two or three questions on it. First, how big is the take part of that proposal, in his opinion?

Mr. Blenkarn: Mr. Speaker, the charitable organizations which presented this brief to the Minister indicated that they felt the Government would in fact make money on the give and take proposal for the first five years.

Mr. Fisher: Do you agree?

Mr. Blenkarn: That was my feeling when I analysed it. Of course, we in the Opposition do not have the computers and the rest of it. I suppose they are clearly available to the public by the way the Ministry of Finance looks after its computers. It was indicated to us that there was no reason that proposal would not fly well.

Mr. Chénier: You do not know.

Mr. Blenkarn: Yes, we do. More important, we have to look at whether we are better off encouraging private charities and voluntary organizations to do some of the things which are done at a great expense by government. A great number of the social affairs handled by government can and should be handled by private groups. We would cut down taxes considerably.

My friend comes from Mississauga, as I do. He knows the amount of voluntary work which takes place there and makes it possible for hospitals and so on to run efficiently and effectively. Any encouragement which can be given to voluntary organizations dramatically cuts down the obligations of the state to provide services.

Mr. Fisher: I agree that we should do everything possible to support our voluntary and charitable organizations. From meeting my colleague at various meetings across Mississauga, I know that the two of us are quite active in trying to support volunteers as much as we can. However, that is motherhood. I asked him how much he was prepared to spend in supporting