

Income Tax Act

As to the more general question of the government's intention with regard to the working paper on capital gains, I would say that several possibilities for discussion are open to the government. However, some of those possibilities are rather uncertain at the present time. I am thinking particularly of the Standing Committee on Finance, Trade and Economic Affairs which, as the hon. member knows, is busy considering several bills and has studied a working paper on our import policy. With such a workload, it would be difficult to entrust it with another task. There is the possibility of setting up a task force similar to those which already exist—and such as the member suggests—to consider the whole question of equalization and also that of the comprehensive shared-cost programs between the federal government and the provinces. That is another avenue which could be explored. However, the hon. member would agree with me that if we use that method of assessing equalization and cost-sharing programs, the possibility of setting up such task forces is still limited since it would drain the energy of several hon. members. If we gave priority to the study of equalization and cost-sharing programs for instance, we would be granting greater importance to the hon. member's suggestion than to a working paper circulated by the government a few months ago. There are also other avenues; concerned people are invited through media advertisements to produce briefs and to make representations to the department. That is another alternative which can also be used by the government. However, no decision has yet been made, not due to procrastination, but simply because some avenues we would have liked to resort to are already rather overcrowded at the present time.

[English]

Clause 16 agreed to.

Clauses 17 to 21 inclusive agreed to.

On Clause 22—

Mr. Axworthy moved:

That Subclause 22(13) of Bill C-54 be amended by striking out line 23 on page 46 and substituting the following therefor:

"interest after October 28, 1980 and are applicable in determining the adjusted cost base of a partnership interest disposed of by a person after 1976 and before October 29, 1980, where that person so elects in prescribed form before 1982."

Mr. Nielsen: Mr. Chairman, I do not know what the effect of that amendment will be, and I am sure our critic will not know because we have received no notice of the amendment. I am prepared to listen to the minister's explanation as to the effect of that amendment. But I would suggest that we might better facilitate an understanding as we go through the some 100 clauses left in the bill—if it is the government's intention to make further such amendments—if we are given notice.

Mr. Blenkarn: We have received notice.

Mr. Nielsen: We received notice?

Mr. Blenkarn: Yes, and they are okay. We received notice of these amendments yesterday from the minister. We have checked the amendments which are largely technical. They do not concern us at all; indeed they improve the bill.

[Translation]

Mr. Bussières: Mr. Chairman, the very brief explanation contained in the notes that were handed out yesterday is that many representations were made to change the date of the coming into force of this technical amendment. I do not see any difficulty. I think the hon. member understood very well the nature of the amendment.

[English]

Amendment agreed to.

Clause 22, as amended, agreed to.

Clause 23 agreed to.

On Clause 24—

Mr. Axworthy moved:

That Clause 24 of Bill C-54 be amended

(a) by striking out lines 9 to 18 on page 47 and substituting the following therefor:

"Canada has after April 21, 1980, received a taxable dividend in respect of which it is entitled to a deduction under subsection 112(1) or 138(6) as part of a transaction or event or a series of transactions or events (other than as part of a series of transactions or events that commenced before April 22, 1980, one of the purposes of which (or, in the case of a dividend under subsection 84(3), one of the results of which) was to";

(b) by striking out lines 9 to 13 on page 48 and substituting the following therefor:

"(ii) a significant increase in the interest in any corporation of any person with whom the corporation that received the dividend was dealing at arm's length; or

(b) if the dividend was received in the";

(c) by striking out lines 45 and 46 on page 50 and substituting the following therefor:

"(f) where a corporation has"; and

(d) by striking out line 11 on page 51 and substituting the following therefor:

"after April 21, 1980."

Mr. Rae: Mr. Chairman, this is an area of the law which caused me headaches at law school. I do not mind sharing that information with the minister. I would simply like to ask him so as to better understand. He will perhaps recall the discussions of yesterday concerning the problem of the relationship between capital gains income, dividend income and earned income. I would simply like to ask him—and perhaps he could confer with Mr. Short who might come up with an opinion on this—whether the effect of this will be to deal with yet another loophole in the perennial surplus stripping problem, or whether this has the effect of creating greater equivalents between dividend income and capital gains income at the expense of earned income. Could the minister tell us the intention of the amendment? I do not know what the amendment is all about.