

*Canada Pension Plan*

This is a provision which is not in the Income Tax Act and which I, personally, believe probably should be in there. It permits the Department of National Revenue to get away from the problem of seizing people's documents and holding them for an indefinite period of time. Under this provision the records which would be kept would be payroll records of the employer. We would, through the provisions of subclause (3), be able to get these documents, have them photostated, and produce the photostats of the documents rather than having to hold the original documents as evidence. I believe the problem raised by my hon. friend is dealt with effectively. We can assure him if someone wanted the records back we could use the photostat copies and return the records to the person involved.

**Mr. Crouse:** I thank the minister for the explanation. Nevertheless, in reading subclause (3) to which he has referred I notice it states that a copy thereof may be sent to such person, or if no copy thereof has been made pursuant to this section, allow such person to have access to the books so seized or produced. In view of the vast area of Canada it seems to me that this provision might impose a hardship on a merchant who operated his business some 70 or 100 miles away from the office seizing the documents. Could the minister further clarify the intention behind this provision?

**Mr. Benson:** Under subclause 3 of this clause I believe the taxpayer is in a much better position than he has ever been under a taxing statute in Canada, other than the Estate Tax Act where the same provision has been inserted. This provision will mean that the individual has access to his records.

One must remember that payroll records are not often seized by the Department of National Revenue. Most records which are seized by departmental officials have to do with the suppression of income, and they are only seized under unusual circumstances at times when departmental officials firmly believe that there has been an evasion of tax. In these cases a warrant is obtained and the R.C.M.P. seize the records. This does not happen very often in respect of payroll records, so it would not happen specifically in connection with this act on very many occasions. The provision has been made to enable us to seize records in cases where we think there is fraud involved.

In respect of this subclause, we can do one of two things as far as the seizures are con-

cerned. We can make photostats of them so that if the taxpayer wants copies we can send them to him. If the taxpayer does not want the photostat copies and says that he does not want the records, and we keep them, but he may want to look at them from time to time, the records will be kept at the district tax office and he will have physical access to them, rather than just access in law. The records must be kept in the office and the taxpayer can go and look at them at any time he wants to do so. If the taxpayer requires the records back, provision is made under this clause for photostating the records. Those photostats will be acceptable in court as evidence, and in this way we can return the records to the taxpayer. I think this provision represents a great advance over the provisions of the Income Tax Act in this regard.

**Mr. Barnett:** Mr. Chairman, I find myself rather puzzled by one of the expressions in subclause 1 of clause 26 which appears in line 14 and is, "any property". The portion which puzzles me reads as follows:

Any person thereunto authorized in writing by the minister, for any purpose relating to the administration or enforcement of this act may, at any reasonable time, enter any premises or place and inspect and examine any property, including any books, records, writings or other documents—

In other parts of the clause reference is made to books, records, writings and documents, but if one considers this particular provision in relation to the provision in clause 25 which has to do with the keeping of records and books of account either at the place of business, or I presume, in the case of small employers, in their residences in Canada, a question then arises as to whether the inclusion of these words "any property" opens up the possibility of an unwarranted intrusion into the privacy of a home. I realize that the clause specifies that this shall be for the purpose of administering and enforcing the act, but I am puzzled as to why that expression "any property" was used. I cannot imagine what property, other than documents and records, would be involved. Perhaps the minister could give some explanation in this regard.

**Mr. Benson:** Mr. Chairman, I can give a very brief example. The documents or records in question might have been produced by a bookkeeping machine, or a computer. This provision gives the minister the right to have his representative examine the machine which is producing the document to make sure that the machine is set up in such a manner as to do the job it is supposed to