

Income Tax Act

business now. So, those supporters of the government on the finance committee and others who said that this was merely restoring the balance between business and the professional are wrong. They do not understand the law. The Income Tax Act does not insist on the prepayment of income taxes in any other type of operation. That is right, Mr. Chairman. Actually, at the beginning of the fiscal year you must estimate your income and then pay on a quarterly basis in advance. That tax must be paid in advance. If there is a short fall at the end of the year, you pay interest on that short fall. No other type of occupation in this country has to do that, Mr. Chairman. None. Yet, in some sort of spirit of getting even, or of so-called equity as between taxpayers, the government, in reaching a half-way station as between its original position and the position in the white paper, has said that professionals will have to pay their income tax on an accrual basis.

The lack of logic in the white paper proposals is just as bad as the lack of logic in this proposal. If you want to do justice to professionals and bring about equity, remove the prepayment provisions and the provisions requiring interest to be paid on short falls in tax payments. If you do that you will bring about justice as between the two groups. Now, it is said that the professionals will be assessed on an accrual basis that is based on billings. But nothing has been said about removing the prepayment provision. I do not think the hon. member for Calgary North mentioned that. Not only must you estimate your billings, 50 per cent of which you may not ever touch or collect, but you must prepay tax on the basis of estimated income. We hope that the accruals in billings will be subject to adequate write-off provisions. I think the man who devised this system has not the slightest idea of how professions conduct business and what is involved in the relationship between the doctor, the lawyer or the dentist and the client.

• (2:40 p.m.)

My colleague, the hon. member for Dauphin, told me this morning that in his home town in Manitoba a notice has been posted in a dentist's waiting room which states "Because of tax changes all work from here on in shall be on a cash basis. No billings." That is now being done in Ontario in anticipation of the passage of this bill. They will not go to the expense of issuing accounts and all the paper work that is involved.

The Assistant Deputy Chairman: Order, please. I regret to interrupt the hon. member, but his time has expired.

Mr. Crouse: Mr. Chairman, I am not sure if the hon. member wanted to continue.

Mr. Lambert (Edmonton West): That is all right.

Mr. Crouse: I wish to make a few comments on this bill. Ever since its introduction, Bill C-259 has been a nightmare for large and small businessmen and Canadians generally. We are faced with a massive bill which is incomprehensible to laymen as well as to tax specialists. Some idea of the concern among Canadians was evident only this week when some 38 of the leading businessmen, representing the wealthiest and most influential enterprises in this country, came to Ottawa for private talks with the Prime Minister and the leading members of his

cabinet. When we see this turn of events, we must ask ourselves just what is going on and why our business leaders are disturbed. The answer is that the legislation prepared by the government is unacceptable to the vast majority of Canadians who are concerned about the turn of events and the direction in which they are being led by the present government.

Today, we are dealing with the business and property income section of what is commonly referred to as the "Benson bungle". This section covers a wide field. The summary provided by the minister lists no less than 13 headings covering taxation on business, property, business goodwill, membership fees in recreational and social clubs, entertainment and convention expenses, rental property and vacant land, taxation of the professions, farmers and fishermen, co-operatives, credit unions, mutual funds and investment corporations, estates and trusts and special rules for valuing trust property, trust interests and partnership interests for capital gains tax purposes. This is quite a plateful, Mr. Chairman, and it is only one section of this massive bill. This is why I claim it is a nightmare for Canadian businessmen and Canadian accountants.

All of these new demands for increasing amounts of funds from Canadian corporations and individuals cannot help but cause us to wonder why the government needs to increase its tax levels. We cannot help but wonder if these new tax levels are necessary to provide Canadians with better services or if this new power is sought in order to change our entire Canadian way of life. After all, the power to tax is the power to control. Unless this power is used wisely, we may well lose many of our basic freedoms under a paternalistic government which keeps saying "Have no fear, big brother will look after you."

I happen to be one of those who questions the present course being followed by this government for it is now evident that excessive socialism has killed business expansion in Canada. This was made evident to us only this week. It is now evident that socialism has destroyed initiative and it has placed a premium on individual incentive. My constituents continually ask me why the government requires more taxes and what it is doing with all the money. In my opinion, the scope of government operations and responsibilities has been expanded beyond the financing of essential and desirable services at the national, provincial and municipal levels. For example, with regard to this business and property income section, we read that farmers and fishermen may continue to calculate income on a cash basis and retain the special averaging provisions. The basic herd and straightline provisions are phased out. The explanation of these provisions reads:

The new legislation continues to permit farmers and fishermen to compute their income on a cash basis and to average their income every five years.

That is a very interesting rule, Mr. Chairman. Many who live on the east coast of Canada are vitally concerned that within the next five years we will not have a fishing industry. The averaging of income over that period will not present any real concern for our fishermen. In a recent article, Mr. W. E. Moffatt, president of the Nova Scotia Fish Packers Association, stated that the industry will collapse within the next four or five years unless the