

Government Orders

NAYS

Members

| | |
|--------------------------------------|---------------------------------|
| Abbott | Ablonczy |
| Bellehumeur | Benoit |
| Bergeron | Bemier (Gaspé) |
| Bernier (Mégantic—Compton—Stanstead) | Blaikie |
| Breitkreuz (Yellowhead) | Breitkreuz (Yorkton—Melville) |
| Bridgman | Brown (Calgary Southeast) |
| Bélisle | Caron |
| Chrétien (Frontenac) | Crête |
| Cummins | Dalphond—Guiral |
| Daviault | Debien |
| de Savoye | Dumas |
| Duncan | Epp |
| Fillion | Forseth |
| Frazier | Gauthier (Roberval) |
| Gilmour | Godin |
| Gouk | Grey (Beaver River) |
| Grubel | Guay |
| Hanrahan | Harper (Simcoe Centre) |
| Harris | Hart |
| Hermanson | Hill (Macleod) |
| Hill (Prince George—Peace River) | Jacob |
| Jennings | Johnston |
| Kerpan | Landry |
| Lavigne (Beauharnois—Salaberry) | Lebel |
| Leblanc (Longueuil) | Lefebvre |
| Leroux (Shefford) | Marchand |
| Mayfield | McClelland (Edmonton Southwest) |
| McLaughlin | Meredith |
| Mills (Red Deer) | Morrison |
| Ménard | Nunez |
| Picard (Drummond) | Pomerleau |
| Ramsay | Ringma |
| Rocheleau | Sauvageau |
| Schmidt | Silye |
| Solberg | Solomon |
| Stinson | Strahl |
| Thompson | Tremblay (Rimouski—Témiscouata) |
| Venne | Williams—76 |

PAIRED—MEMBERS

| | |
|--------------------|------------------------|
| Asselin | Bachand |
| Brien | Calder |
| Canuel | Copps |
| Crawford | Deshaies |
| Dupuy | Easter |
| Gagnon (Québec) | Guimond |
| Harper (Churchill) | Hickey |
| Knutson | Lalonde |
| Laurin | Martin (LaSalle—Émard) |
| Mercier | O'Reilly |
| Ouellet | Plamondon |

• (1345)

The Speaker: I declare the motion carried. When shall the bill be read a third time? Now?

Some hon. members: Agreed.

Hon. Herb Gray (for the Minister of Finance) moved that the bill be read the third time and passed.

Mr. David Walker (Parliamentary Secretary to Minister of Finance, Lib.): Mr. Speaker, I am pleased to again rise in support of speedy passage of Bill C-70, an act to amend the Income Tax Act.

As the House is aware, the bill will implement a number of measures relating to taxation that were introduced in the 1994 budget, along with certain others announced by the government over the last year.

In moving to third reading, it is again appropriate to remind ourselves of the context of this legislation. The fiscal challenge facing the country is familiar to us all. Few dispute the need for tough action and that difficult choices face us all. Surely we will all agree that fairness and effectiveness must be essential guiding principles of the steps we have to overcome in our challenge in dealing with the deficit.

These principles have guided the government as we have worked to restrain spending. They have guided the minister in crafting the budgets of 1994 and again in 1995. In both cases, spending cuts alone could not deliver the deficit reductions that Canada needs. Rigorous government restraint needed to be complemented with some measures on the tax side.

Doing so for us was simply a question of fairness. It was our vision of fairness that guided us as we looked at the tax system, addressing unsustainable tax preferences instead of imposing general tax hikes on Canadian taxpayers.

In looking at the corporate tax regime we sought to ensure that corporations paid their fair share of the tax revenues needed to fund government programs and to prevent certain businesses or sectors from taking undue advantage of certain tax provisions.

With this in mind, the 1994 budget proposed a number of measures to the rules governing the taxation of business income. Our goal, and let me stress this, was not to penalize the business sector or to impede the competitiveness of Canadian corporations. In fact, we believe that it is essential to maintain a competitive tax system in today's global economy.

I would like to now outline some of the specific measures from the 1994 budget which have been reflected in Bill C-70.

One fairness issue this legislation addresses is the tax rules dealing with debt forgiveness and foreclosures. Under the old provisions of the Income Tax Act many transactions involving the settlement of debt were not recognized in any meaningful way for income tax purposes.

The new rules provide a comprehensive basis to deal with debt settlement. In general, they provide that forgiven debt amounts will be applied to a loss carried forward and expenses are partially included in the debtor's income. I should point out, however, there are special relieving rules to minimize undue hardship from these new rules.

Let me now turn to the tax treatment of securities held by financial institutions. Until now the Income Tax Act has not provided specific rules regarding the tax treatment of such securities. The measures under Bill C-70 seek to reduce uncertainty in this regard and also to ensure that the income derived from such securities is measured appropriately. The amendments provide that certain securities will be marked to market, meaning that the