

*Income Tax*

ly" with the words "substantially all". I am advised by the Department of Justice that this is a more inclusive term, and since more sources of income will be inserted all existing credit unions will qualify. Again, this was pointed out to us by the credit unions and we are glad to oblige.

**Mr. Stevens:** If the term "substantially all" is wider than the term now used, can the minister give us some idea what it means? In clear, everyday language what does the department mean by "substantially all"? Are they talking about 51 per cent or more?

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, "primarily" would mean a majority of the revenue; "substantially all" means virtually everything. What it really means is that the new, qualifying categories of income will include, first, revenues from securities or loans of or guaranteed by the Government of Canada or the provinces, a Canadian municipality or agency thereof. I might say that the current act restricts this provision to bonds while excluding those of or guaranteed by government agencies. The provision is to allow the credit union more latitude.

Second, the new category would include revenues from funds or deposits with a bank, a trust company or a central credit union and, third, revenues from charges, fees and dues levied against its members. I think the credit union movement will be given more flexibility under this provision.

**Mr. Stevens:** What we are saying is that under the present wording the department's interpretation of "primarily all" could have meant something over 50 per cent, whereas now we are coming closer to 100 per cent?

**Mr. Turner (Ottawa-Carleton):** That is so, but we are also broadening the class.

**Mr. Stevens:** Could the minister give an indication of the department's estimate of the total tax benefit to credit unions as a result of the tax accommodation offered to them?

**Mr. Turner (Ottawa-Carleton):** It is pretty hard to estimate. It depends how well they do in competition with other financial institutions. This puts them in a better competitive position.

**Mr. Stevens:** Perhaps the minister misunderstood. I am simply referring to the past year, or whatever year he has a relative figure for. Has there ever been an estimate of the tax advantage offered to credit unions as a result of this and similar provisions in the Income Tax Act?

**Mr. Turner (Ottawa-Carleton):** I must ask, compared to what? It depends on the basis. We could ascertain for the hon. gentleman just what credit unions pay in taxes. The purpose of this amendment is not revenue or loss of revenue; it is to put credit unions in a position to compete with other financial institutions.

**Mr. Stevens:** The minister asks, compared to what? I mean, compared to how they would be taxed if they were a standard business corporation having to meet the general tax laws that prevail.

[Mr. Turner (Ottawa-Carleton).]

**Mr. Turner (Ottawa-Carleton):** Because this changes the competition for and the eligibility of funds available to credit unions under the provisions of the law, the answer depends upon how effective credit unions are in taking advantage of it to compete with other institutions. I could not give a solid answer to that question.

**Mr. Stevens:** Perhaps we are not communicating properly. I am asking, not in particular reference to this amendment but as a general point of information, if the government has any estimate of the tax concession being given to credit unions as a result of the lenient tax provision in the Income Tax Act. What would the tax concession be if they were required to pay the same type of taxes as most business corporations?

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, we do not have the figures for the current year; the latest years we have for credit union income are 1971-72. The hon. gentleman would have to attach a 50 per cent rate against that and then allocate income sources and make the calculation. We could try to do that for him, but we do not have it at our fingertips.

**Mr. Stevens:** Would the minister agree to give those figures to the committee?

**Mr. Turner (Ottawa-Carleton):** Yes, Mr. Chairman, I would agree to do that. I do not know whether I can do it in time to satisfy the committee, but on a later occasion I will do it. This is not a revenue amendment; it is to allow credit unions to compete with other financial institutions.

Clause agreed to.

Clauses 93 and 94 agreed to.

**The Chairman:** The committee will now proceed to clause 95 with regard to which there is notice of an amendment.

On clause 95.

**Mr. Turner (Ottawa-Carleton):** We have to correlate the two versions. I therefore move:

That clause 95 of the French version of Bill C-49 be amended by striking out lines 16 to 22 on page 225 and substituting the following:

"a) compris dans le même fonds réservé de la corporation;  
b) des biens non réservés utilisés dans l'année, ou détenus dans le cadre de l'exploitation d'une entreprise d'assurance-vie au Canada; ou

c) des biens non réservés utilisés dans"

Amendment (Mr. Turner (Ottawa-Carleton)) agreed to.

**The Chairman:** Shall clause 95 as amended carry?

Clause as amended agreed to.

Clauses 96 and 97 agreed to.

On clause 98.

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, I have another technical amendment in order to correlate the two versions. I move:

That clause 98 of the French version of Bill C-49 be amended by striking out lines 8 to 16 on page 228 and substituting the following:

"régime de participation des employés aux bénéfices  
a) était régie par un régime de participation des employés aux