

Income Tax

Mr. Chrétien: I agree.

Mr. Stevens: Mr. Chairman, it is nice to have the Minister of Finance back with us today. I understand he was looking for me earlier in the House, and I want to assure him that I am here and very eager to get on with the passage of this bill.

If I could take a little different tack dealing with this amendment, I direct the minister's attention to the income tax motion which states that for the 1977 and subsequent taxation years a grant received under the Canadian Home Insulation Program be included in the income of the recipient, or in the case of a married individual residing with his spouse, and the income of the spouse with the higher income. My question to the minister is this: the income tax motion deals only with the Canadian Home Insulation Program, but we find that the wording of subsection 5 refers to an amount received under a program that is a prescribed program of the Government of Canada. Could the minister indicate why we have what appears to be a much wider wording than was initially set out in the income tax motion?

Mr. Chrétien: I do not understand. There is not a fundamental difference between the two.

Mr. Stevens: I realize the minister might be quite tired. But I read the difference. That is unbelievable. The difference is in the income tax motion. It refers to only one narrow program, it refers to the Canadian Home Insulation Program. But when we find the provision in the act, which after all is just across the page, it does not refer to insulation at all. It says it is applicable to a program prescribed by the Government of Canada. That, Mr. Chairman is an entirely different reference, and in fact, let me underline it. I question whether the draftsman have the authority to draft the section the way it is now, bearing in mind that the original income tax motion was a very much more narrow motion than it has ended in the bill that is before us.

Mr. Chrétien: I can explain, Mr. Chairman, why the drafting looks a little broader than in the actual act. If there are programs of the same nature, it could be that the ministers responsible come to us to extend those programs. If we change the program, the act as drafted will permit us to proceed in the same way. We will have the same legal authority.

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Mr. Stevens: Mr. Chairman, for the record, the minister better clarify his earlier answer. He just got through telling this committee there is no essential difference between the income tax motion and subclause (5) before us as far as the bill is concerned. Now he has told us there is in fact a difference.

Let us be blunt about it. What the government is asking for in this subclause is an extremely wide power to tax, with no further reference to this House. If you read the technical wording, what it is saying is from now on, if it prescribes a program to be taxable, it is automatically taxable. In other words anything this government chooses to do in the line of

[Mr. Chrétien.]

new grants or new programs, rather than coming through us as it did in the income tax motion and saying that it would like to tax the Canadian Home Insulation Program, in future we will never hear of it. It in fact will simply prescribe a program to be taxable. If you like, I will in due course read the impact of what it is doing here. First, I think the minister should clarify for us what exactly he and his colleagues have in mind when they say prescribed program of the Government of Canada.

Mr. Chrétien: Mr. Chairman, I explained this earlier. I thought it was quite clear. We can introduce a program. It is not a question of having the right to tax. We can decide to extend or modify a program or decide to give more grants, for example. This bill will authorize the government to make it taxable, if it wishes. It is not a matter of taxing.

Mr. Stevens: That is bad.

Mr. Chrétien: We are not asking for the right to tax.

Mr. Stevens: You cannot ask us to give you that power.

Mr. Chrétien: Mr. Chairman, of course we can. It is related to a grant program that we can initiate if we want. We can initiate a program without coming to the House of Commons. Eventually we come, at the time of estimates. In the drafting of this, the drafters have forecast that it could be modified in the future. If we want to apply the same system of giving a grant and taxing it, we are getting this authority for that kind of program and it is related to a program of the same nature. This is the way the advisers are informing me of their purpose in designing this clause.

Mr. Stevens: Mr. Chairman, I point out to the minister again that if that is his wish, his draftsman or his officials should have so indicated in the tax motion, but they did not. It asks for a very simple provision, to tax grants received under the Canadian Home Insulation Program. With all due respect, I suggest that is all the minister can attempt to legislate tonight. That is all he has asked for. However, he has now gone further. His officials are attempting, secretly, quietly if you like, to change what they had asked for in the income tax motion. They have drafted the provision before us which broadens it so that now any program that is a prescribed program of the Government of Canada will be taxable. All they have to do is prescribe a program to be taxable.

I feel it is important that we, as members of this House, find out from the minister exactly why they have so extended the ramifications of this subclause. Frankly, the minister in most of his replies kept referring to grants within the insulation field. However, the proposed subclause (5) does not limit itself to insulation. The word is not mentioned. It could be any program. Will it cover, for example, grants under DREE? If they decide to make a grant under DREE, are they at the same time or some time in the future going to say that is a prescribed program under this subclause, and automatically taxable?

Let me emphasize the section we are amending here, 56(1), which starts off by saying: