

Income Tax Act

Mr. Fennell: Would the Minister do that and also would he base the answer on the capital gains tax in 1982?

One place has been missed in this program, Mr. Chairman. I have listened to the Liberal dialogue about all that has been done for small business, but the little guy who is trying to get into the market to sell equities has no facilities in this country, as he has in the United States, for selling shares in smaller corporations. I think this is a serious restriction on what is being put in place, with only listed securities on the Toronto Stock Exchange being covered.

If the Minister says we cannot buy American stocks, then what about Canadian stocks? Who analyses the percentage that is Canadian owned or U.S. owned?

Mr. MacLaren: Mr. Chairman, as I understand it, the Hon. Member opposite is advocating some form of test for what constitutes a Canadian controlled corporation and a foreign controlled corporation. The relevant passage on page 20 of the explanatory notes to the Bill provides that securities eligible for certification include most listed common shares of corporations incorporated and having their head office in Canada, as well as posted rights and warrants to acquire such shares.

Mr. Fennell: If there is a restriction on those only and not on American owned corporations, why would the Government, which is interested in buying American corporations, not extend this in order to encourage people to buy back American corporations through ISIPs so that they would then become Canadian corporations?

Mr. MacLaren: This program applies to the shares of corporations incorporated and having their head office in Canada, Mr. Chairman.

● (1210)

Mr. Fennell: Has the Minister any of the other information I asked him for previously?

Mr. MacLaren: I am sorry, Mr. Chairman, the statistics which the Hon. Member sought are still being brought together and we shall offer them to him shortly, or send them to him.

Mr. Fennell: Mr. Chairman, he tells us this is all going to be done on computers. I would like to ask the Minister if he is going to put in a new computer program, because there have been failures and breakdowns in the existing one which have caused tremendous trouble to people with Revenue Canada. How is this going to be simplified for the taxpayer? That is the question I really want to address. Is it being co-ordinated with brokers, to tie it into a broker's computer, or is it being put separately on its own? I fail to find within this legislation the simplicity which the Minister is trying to state is there.

Mr. MacLaren: Mr. Chairman, one of the areas explored with the Investment Dealers' Association, the stock exchanges, and others who are directly involved in the finance industry, was the question of how the program could be best managed. In welcoming the program, the various dealers and others who

were consulted drew attention to the fact that there was no real difficulty in developing computer models for the program, to be administered by the investment dealers.

I would, for example, draw the attention of the Hon. Member opposite to *The Globe and Mail* of October 17 of this year which reported that computer models prove that ISIPs could be a rewarding investment for both the conservative—that is the small “c” conservative—and risk-oriented investors. The study shows these findings hold true whether inflation is high or low, and whether stocks are held over the short, medium or long term. I wanted to draw the Hon. Member's attention to that because in fact the investment dealers have found the development of a computer model to manage the program a relatively simple matter. There has been no real difficulty encountered in that regard.

The same holds true for the computer modelling within the Department of National Revenue. I do not anticipate any difficulties, either in the case of the investment dealers or the Department of National Revenue, with regard to the management of the program.

Mr. Evans: Mr. Chairman, I have followed the debate on this point at length, yesterday and today, and it really is disheartening to see the lack of understanding of Hon. Members opposite as to what is trying to be done with this particular provision.

Mr. Hawkes: Government filibuster!

Mr. Evans: Here we go again. We are starting with the hecklers in the corner. The Hon. Member says it is a Government filibuster. Let us just say it is an attempt at education.

Some Hon. Members: Oh, oh!

Mr. Evans: This particular provision, Mr. Speaker, is long overdue. The Hon. Member for Mississauga South indicated, I believe, that he thought there should be no capital gains tax—under certain conditions that would be possible, but the structure of the existing tax system certainly does not allow it—and that the proper thing to do would be to index capital gains across the board.

Mr. Hawkes: What advice would you give your mother?

Mr. Neil: You have promised that for two elections.

Mr. Evans: It seems to me, Mr. Chairman, that we are dealing with a basic principle here. I believe this is a major step toward achieving the principle which we tried to establish, and began to establish, back in the 1970s—

Mr. Hawkes: How do you measure inflation when you sell short, John?

Mr. Evans: —and that principle was that the tax system should tax increases in purchasing power.

Mr. Gamble: What do you call the income tax? What does it have to do with income?