

Canada Deposit Insurance Corporation Act

Mr. Speaker: The House has heard the terms of the proposal. Is there unanimous consent for the motion?

Some Hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

GOVERNMENT ORDERS

[English]

CANADA DEPOSIT INSURANCE CORPORATION ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mrs. McDougall that Bill C-86, an Act to amend the Canada Deposit Insurance Corporation Act, be read the third time and passed.

Mr. Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Motion agreed to and Bill read the third time and passed.

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INCOME TAX ACT

MEASURE TO AMEND

Hon. Don Mazankowski (for the Minister of Finance) moved that Bill C-109, an Act to amend the Income Tax Act, as reported (without amendment) from a legislative committee, be concurred in.

Mr. Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Mr. Speaker: When shall the Bill be read a third time; by consent now?

Some Hon. Members: Now.

Hon. Don Mazankowski (for the Minister of Finance) moves that the bill be read the third time and passed.

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I am pleased today to speak again on the subject of Bill C-109, an Act to amend the Income Tax Act.

As you know, when this Bill was introduced for first reading only a few short weeks ago I emphasized the importance of a speedy passage of this Bill. I am pleased to note that already this Bill has been approved by the legislative committee and has reached report and third reading stages today. I am encouraged by this quick progress, and I look forward to early passage of this Bill in order that this unjustified potential revenue drain may be stopped.

Bill C-109 relates to the controversial Scientific Research Tax Credit Program introduced by the previous Government, and which was designed to allow corporations to transfer the benefit of tax deductions and credits to outside investors. A special tax equal to the SRTCs sold is payable by corporations which have utilized this measure and is refundable as the corporation actually performs research and development. This tax is provided for in Part VIII of the Income Tax Act and is payable 30 days after the end of the month in which the SRTCs were sold.

The intention of the Part VIII tax is to protect the Government from corporations which would drain the public purse without actually doing any research and development. I agree with the purpose behind these provisions.

[Translation]

As you know very well, Mr. Speaker, the purpose of Bill C-109 is not to change the original intent of the legislation. I think it is important to emphasize this because on several occasions in the House Members have tried to say that such was the purpose of Bill C-109. The main purpose of Bill C-109 relates to scientific research assistance and nothing has changed.

As I said a few minutes ago, Mr. Speaker, Bill C-109 will enable us to stop the senseless redistribution of public funds. This was legal since the legislation was so drafted but, in practical terms, what I would call almost illegal is the fact that, as some Opposition Members have noted, the previous Government had not intended taxpayers to receive huge amounts of money without abiding by the provisions of the scientific research and development tax credit.

[English]

As I have previously informed this House, however, this intention has been undermined by recent and conflicting case law. Notwithstanding the fact that Part VIII tax is payable within 30 days after the end of the month in which an SRTC is issued, a court decision has held that the tax cannot be collected as it becomes due but, rather, may be collected only after the corporation has filed its income tax return for the year in which the SRTC was issued. This could be well after the corporation's year end.

[Translation]

I repeat, Mr. Speaker, I have no intention of dwelling on the abuses of this program which led to its abolition in the May 1985 Budget. Still I might remind the House that the temporary relief provisions which were implemented after the