

Income Tax Act

earned between \$100,000 and \$200,000 who paid no income tax at all, and 21 persons who earned over \$200,000 and who paid no income tax at all. We have devised an income tax system so complicated that over 300 people earning more than \$50,000 in the year 1975 did not have to pay any income tax.

One day, not today, we in this House must discuss how that is possible, how we can have an income tax system, a system which is supposed to be equitable, that permits that kind of thing. Unfortunately, we do not know much about the inequities because information about an individual's income tax is secret in Canada, according to the rules of the Income Tax Act, as compared to the information available to Americans within their income tax system. A fine example is the fact that we had to go to the United States to learn that the president of the CPR had an income of over \$300,000. I hope he was not one of the people who did not pay any income tax. The minister shakes his head.

Mr. Chrétien: I just want to make a point.

Mr. Orlikow: I will be finished in a moment, Mr. Chairman, and the minister can reply. What I am trying to say is we do not have an equitable income tax system. It does not treat all people the same. It does not treat every dollar of income as a dollar which should be taxed in the same way. There are hundreds of ways which people, particularly those with high incomes and who can afford accountants and lawyers familiar with income tax legislation, can avoid legally paying their income tax.

I have a good deal of sympathy for people in low and middle incomes who have put some money aside for an RRSP in the hope they can leave most of it to their children when they die. I have found this minister to be an honest man, and he has assured us that he will look into the problem and come up with a solution to the flaw which seems to have developed. I hope that he will come up with that solution before we give third reading to this bill.

Mr. Chrétien: In replying to the hon. member, Mr. Chairman, this is exactly why I would like to take my time. For example, if someone were to take an RRSP, contributing \$5,500 for the rest of his life, with the accumulated interest he would avoid paying the taxes. People in higher income brackets can afford to buy RRSPs for \$5,500 very easily and accumulate up to \$300,000 over a period of time on which they will not have paid any taxes. This money should be passed on without any tax. I wish to make sure this does not become a loophole. While it is a problem to certain persons, if you apply the principle to the people in higher income brackets, it could become even a greater problem. This is why I wish to look at all its aspects before I make up my mind, and as soon as I have arrived at a decision I will clarify the situation in the House.

Mr. Baker (Grenville-Carleton): Mr. Chairman, there have been some discussions on dealing with the matter of clause 30 and the fact that your ruling is to come. I believe I am indicating the consent of the House to the agreement that we would revert to clause 30 at 5.30, you would give your ruling

with respect to the amendment put forward by the hon. member for Edmonton West, and the discussion would thereafter continue on clause 30, depending on how you rule. In any event, all the questions with respect to clause 30 would be put and dealt with by six o'clock, which would take up the 30 minutes we decided to allot in our discussions earlier. I understand that that is the agreement.

Mr. Chrétien: That is the agreement, Mr. Chairman, that if the amendment is agreed to we will vote on this amendment and dispose of clause 30 by six o'clock. At eight o'clock we will go back to clause 34 and finish up the bill before 9.45. If that is the agreement, I am ready to go ahead with it.

• (1732)

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, on the understanding that there are parts (a) and (b) to that agreement, we are for it. Part (a) is that we revert now, and part (b) is that we only spend 30 minutes.

Mr. Chrétien: Mr. Chairman, we have to dispose completely of clause 30 by six o'clock.

The Chairman: If I understand it correctly, the committee will be ready at this time to stand clause 34 and revert back, by unanimous consent, to the consideration of clause 30, at which time I will give my ruling on the amendment moved by the hon. member for Edmonton West. Then the committee will complete consideration of clause 30 by six o'clock. Is this agreed?

Some hon. Members: Agreed.

[*Translation*]

The Chairman: Order. When the committee was considering Bill C-56 last Friday, an amendment was moved by the hon. member for Edmonton West which reads as follows, and I quote:

That Bill C-56 be amended at clause 30, at page 34, by striking out lines 14 to 35 and substituting therefor the following: (a) \$100 for an individual residing in any province other than Quebec, \$85 for an individual residing in Quebec, and (b) the amount that would, but for this subsection, be the tax payable by him under this Part for the year.

A point of order was then raised, and the Chair reserved its decision with respect to clause 30. The committee thus accepted to suspend consideration of that clause with the understanding that I would come back today after examining the precedents and all the rules to make an appropriate decision. The point of order rested basically on the argument that the amendment went against important provisions of the ways and means motion.

I want to make it clear, as the hon. member for Winnipeg North Centre pointed out at that time, and as I pointed out myself, that the ways and means motion does not preclude the possibility of amendments to the bill being introduced. For that matter I would remind hon. members of the provisions of citation 265(1) of Beauchesne's fourth edition, and I quote: