

himself a bonus to make his financial statements presentable and consistent with those of other similar businesses. This way, the small businessman could delay his income tax payment for one year. Since February 26, this is no longer possible. The Minister of Finance (Mr. Wilson) has decided to hit him where it hurts most. Small businessmen will no longer do that. They will have to pay within 180 days if they want to reduce this bonus. Of course, whenever they declare bonuses or commissions, major corporations have to pay within 180 days, but not small businesses.

The general 3 per cent surtax is another low blow, Mr. Speaker. It will hurt especially the smallest of the small businesses, those which are not incorporated. They will have to pay the 3 per cent surtax effective January 1987, while the large corporations which are paying 5 per cent now, will have to pay only 3 per cent beginning January 1, 1987, a two per cent reduction. The Minister has increased the burden of Canadian consumers and small businesses while reducing that of large corporations. Such are the consequences of this Conservative Budget, Mr. Speaker.

Now that I have explained the surtax, let us go on to the corporate tax rebate. At the time of the tax reform during the 70s, Mr. Speaker, it was a well-established fact that there was a difference in the tax rates for large companies and small businesses. This difference was a well-established fact. There was a 21 per cent deduction for small businesses. The Minister of Finance says that the tax returns will be simplified, but I am anxious to see how this will be done. The tax return for corporations, Form T-2, now provides for a set rate of 46 per cent for all businesses, from which you then subtract the 21 per cent deduction for small businesses and the rebate for provincial taxes, and you get a rate of 15 per cent.

In the Budget of February 26, the Minister of Finance decided to lower this rate from 15 to 13 per cent, but not immediately. This will occur over two years, the rate will decrease by 1 per cent on April 1, 1987, and by 1 per cent on April 1, 1988. However at the same time, the Minister decided to reduce the tax rate applicable to large companies by 3 per cent, from 36 to 33 per cent. There is therefore a decrease of 2 per cent for small businesses and one of 3 per cent for big corporations. That is social justice.

[English]

That is what is fair with this Government? He is talking about fairness. Why do big corporations get a reduction of 3 per cent and small businesses get a reduction of 2 per cent, Mr. Speaker? And it is not over yet.

The big manufacturing corporations get a 4 per cent tax reduction and the small business manufacturing corporations get a 2 per cent tax reduction. That is what is fair? Small business for years and years during crisis periods created all the jobs and here the Government is not rewarding small business, it is rewarding big corporations.

The Budget—Mr. Gagliano

That is how fair this budget is, Mr. Speaker. That is why yesterday the Minister of Finance (Mr. Wilson) in answering my questions said that the Progressive Conservative Party is the Party of small business. That is how the Party considers small business. It is not the Party of small business, it is the Party of big business.

[Translation]

Mr. Speaker, he has abolished the investment tax credit. Of course, this credit also helped small businesses by encouraging people to invest in small business. This credit has been abolished.

Let us now talk about the federal sales tax. I would like to refer first to the building industry, which is vital for our economy. Do you know that federal sales taxes in this industry have increased by 8 per cent in eight months? There were no taxes before. Since the Budget of last May, the Government has started to tax building materials, and there is now an 8 per cent tax on this industry. Since November 1984, the federal sales tax has gone up by 3 per cent. Is this fair?

[English]

Is that fair? That is what Members opposite say when they are trying to sell the Budget. They should be asking themselves whether a 3 per cent increase in federal sales tax in 16 months fair?

The Progressive Conservative Party when it was in opposition was screaming that increasing the sales tax was no good and that it was not fair. The first thing the Conservatives did when they got into power was increase the federal tax 1 per cent.

Let us see what happened in the pre-consultation period. The Minister of Finance said that before he prepared a budget he would consult people to see exactly what they want so as to accommodate everyone.

[Translation]

Mr. Speaker, one of the many things suggested by the Canadian Federation of Independent Business was the very interesting proposal that expenses associated with developing a potential business should be deductible for income tax purposes. It is true that if an established business decides to open a subsidiary, such expenses are deductible. By the same token, if a taxpayer decides tomorrow morning to rent premises, sign a contract and open a small business, and if, finally, he does not succeed, why should his expenses not be tax deductible? This is what the Canadian Federation of Independent Business asked during the consultations. However, there is no such proposal in the Budget.

The Canadian Organization of Small Business also asked that owners, members and partners in small businesses have an opportunity to invest in a retirement savings plan within their small businesses. Last year, in the May Budget, the Minister of Finance allowed funds to be invested in small businesses, provided that neither the owner nor members of his family nor his partners would invest money in such funds.