

Income Tax Act

have made in the subamendment deals with the question of transfers of land within the family where in fact the legislation deals with sales, gifts or legacies to a spouse or to a son, a daughter or a spouse thereof—that is, transfers within the family unit.

The second point that I make deals with the proposal that there be a roll-over provision whereby a farmer could sell one farm or a piece of land and invest the proceeds in another piece of land without incurring a tax on the capital gain involved. The third point is to enable farmers to invest any proceeds which they do receive from a capital gain. There can be circumstances where they can invest those proceeds in a registered retirement savings plan, draw from that savings plan and be taxed only on the benefits as they are received. If they are not allowed to put their money into registered retirement savings plans, there would be no capital gains tax, in accordance with the wording of the third paragraph.

We feel that these three points deal with the fundamental concerns of the farming community in so far as taxation of capital gains is concerned. We feel that this would deal with the real concerns, some of which were raised last night in support of the amendment moved by the hon. member for Edmonton West. However, this subamendment also has the merit that it avoids some of the problems that would be raised by allowing the amendment to pass as it is because, as I pointed out, it would simply encourage speculation and corporation farming. We do not want that and I am sure the Conservative party do not want it either. It is for that reason that we move this subamendment and commend it to the committee.

Mr. Yewchuk: I am curious to know whether the hon. member is serious about the suggestion that not putting the capital gains tax on the sale of farmland would cause a rush of speculation. Since at present there is no capital gains tax on land, why is there no rash of speculation right now?

Mr. Burton: We already have some problems on the outskirts and the peripheries of many of our larger urban centres and this would be intensified if we allowed the proposals to stand as they are.

Mr. Nowlan: We are referring to farms, not to urban centres.

The Chairman: The committee has before it the subamendment of the hon. member for Regina East. The Chair's initial thought is that it would be in order in that it defines more precisely certain circumstances under which the capital gains tax would not apply. However, the Chair would ask the hon. member who moved the subamendment whether he in fact intended to leave in the word "and", because if that is so he would be expanding on the amendment moved by the hon. member for Edmonton West and the Chair would have some doubt about the subamendment.

It seems to the Chair that the subamendment would be in order if it were to read "other than land used in farming as defined in this act under the following circumstances".

Mr. Burton: I am quite prepared to accept the suggestion made by Your Honour. It was certainly not my intention

to expand in any way on the amendment moved by the hon. member for Edmonton West. It was my intention to qualify the amendment.

The Chairman: I think the Chair and the hon. member for Regina East are in agreement, because it did seem to me that the hon. member did not intend to expand on the amendment now before the committee.

Mr. Noble: Mr. Chairman, I rise to speak in support of the amendment proposed by my colleague, the hon. member for Edmonton West. At the outset I will make some observations with respect to the bill. It seems to me that one of the problems in attempting to assess the significance of the changes proposed in Bill C-259 is that amendments continue to follow amendments and a definitive analysis can hardly be made until the regulations come down. They will not be available until some time after the draft proposals become law, and the draft proposals will not become law until the amendments stop flowing and the last one has been debated. It is a vicious circle—almost a case of the snake or the red tape-worm swallowing its own tail.

● (8:50 p.m.)

Mr. Chairman, as the draft bill now stands, my first and dominant impression is that it does not represent true tax reform but, rather, several hundred pages of additions and amendments to the Income Tax Act and related acts. Informed businessmen and their advisers seem to agree that the present Income Tax Act is badly written, difficult to interpret and full of problems. The hundreds of pages of additions and amendments incorporated in the draft bill, when added to the present Income Tax Act will still leave us with many of our old problems and a great many new ones.

The repeated introduction of amendments since June 18, and the further changes arising from the finance minister's about-face on policy because of the country's unhappily deteriorating financial and employment situation leads to one inescapable conclusion, that if the bill was not ill-conceived it was at the very least so poorly designed as to lack the resilience and elasticity needed to absorb the internal and external pressures so recently, and still, plaguing us—rising costs of raw materials and labour, rising living costs, increasing unemployment and the Nixon surcharge, to name but a few.

In view of these circumstances the bill should be scrapped. Any and all amendments leading to tax reduction, increased purchasing power and stabilization of our economic and employment situation should be processed at the earliest possible moment and, finally, another attempt at tax reform in its truest sense should be made at a time when the blood, bone and spirit of our country are somewhat healthier than they are now.

The issues raised by the government's decision to tax capital gains, since the presentation of the white paper on taxation, have been clouded by complications and the government's own uncertainty about what it really wants to accomplish. Taking the Carter commission's premise that a buck is a buck, the government decided back in 1969 that it must pursue equity at any cost. That was the year the government was frozen into a trade-off mentality. It will be recalled that in 1969 the government decided