

Income Tax

of that to get the job done. Even if it did spend all that money to get the job done, Canadians could at least go to bed knowing that this unfairness and inequity in terms of our tax structure in this country would be eliminated. There would not be one tax for the multinationals and another for the common people of this country.

The minister has made some useful suggestions. He suggested a simultaneous audit from country to country to correlate the various kinds of activities of the multinationals. That is a good suggestion. I give the minister full credit and I commend him on that kind of suggestion. However, the problem is that that is all it is, a suggestion. The difference between being on the minister's side and on my side is that I suggest, but he can act.

● (1520)

Surely you must have something more for the people of Canada than to say, "I am making suggestions." We do not need any more suggestions. We need actions. These whimsical notions you get from time to time have to be translated into legislation, and surely you could present something better to the House of Commons than this dismal effort, as good as it is, which does not really address itself to the real problem facing Canada. I understand the difficulty of getting to the root of not being able to catch these multinational corporations in their tax games. I know the lag which occurs when they exchange information from country to country. I know the large number of tax havens in which they can get involved. But the government was elected not to identify problems only but to present programs and actions to right the wrongs.

I conclude by saying that if the government will bring in legislation to tidy up these tax loopholes I have no doubt that we on this side will give our support. Surely they are known to the department. Given the kind of staff the Prime Minister (Mr. Trudeau) has in his office I should think you could borrow a few dozen of them and he would still have plenty around to run his office. I say this for the reason that the Canadian people expect no more and deserve no less.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, as I take part in this debate on Bill S-32 I cannot but reflect on the history of taxation in this country and the conventions we have entered upon in the past with many other states.

First of all, I should like to refer to the words of Senator Lang when he introduced the bill in the other place. He made reference to the so-called tax reform law which parliament passed in 1971. He referred to the fundamental changes which were made at that time and said these changes in the tax laws were so basic that they had necessitated renegotiation of the tax treaties in effect at that time between Canada and 16 other countries. It is now four years later and it is worth noting that the three tax treaties we are now examining are the first to be renegotiated according to the evidence given in the other place. The words of the hon. Senator were these:

The first three conventions to be successfully renegotiated out of the 16 extant at the time of the tax reform legislation are reproduced in this bill.

The next day the Senate was informed that this information was incorrect. There had been 16 tax treaties in effect, all of which would require renegotiation because of the

[Mr. Whiteway.]

major changes made by Canada in its own tax law. However, the three treaties we are examining today are not among the 16 in force in 1972. The question thus arises: are these renegotiated conventions or are they new conventions? The implication is that we actually have 19 now, rather than 16.

It is difficult to know just what the government has planned in this regard. I refer to a list of tax conventions published by the CCH Canadian Limited under "Income Tax and Regulations." The information given here, and I think we might take it as being reliable, refers to the international tax conventions and states there are 16, and that since 1971 Canada has not concluded any treaties related to the avoidance of double taxation or of fiscal evasion. The reference here is to the Canada-France Treaty which was actually signed in May, 1975. Now, in April, 1976, parliament is being asked to examine it and approve it. I shall not read the list, but it runs from Austria to Zambia, and names 37 countries with which Canada is presently negotiating tax treaties.

The interesting thing is that the tax treaties with the United Kingdom and the United States, to name just two, are listed with those presently under negotiation. The reason this is strange is that the government does not seem to be aware of the treaties those countries are negotiating. The 16 countries with which we had treaties in 1971 seem to be in limbo. Mr. Speaker, you cannot have a treaty which is in effect if it is also being renegotiated, especially when the government has apparently no idea of the status of those treaties at this moment.

I attempted to ask the minister this morning what was the status of the Canada-United States tax treaty and what interim measures the government was relying on since there is no doubt, when one looks at the personal income tax forms of Canadians, that some relief is given to taxpayers in their dealings with that country.

Most of the bill we are asked to consider, indeed all but four pages, consists of the treaties themselves. I shall refer later to the contents of those four pages and I am sure the committee will be giving full scrutiny to the contents of the treaties as well.

I do not think many members will disagree with the principle involved here, which is that we should set down our tax relations with other countries in a proper and forthright manner. Before we get into some of the details I should like to examine the underlying causes of the need to be renegotiating these treaties at the moment. At the very least, the present debate emphasizes the failure of the government's so-called tax reform measures back in 1971 and the months prior to that. The stated purpose of the reform was, to put it in a few words, to achieve equity and simplicity. This is a commendable aim and it is sad for Canada that we were unable to achieve either of those qualities.

If anyone needs examples to show we have failed to achieve either equity or simplicity as a result of the tax reform it will not be necessary to look very far. I should like to give a little evidence right now. I refer to the government's tax statistics for 1975 analyzing the returns of individuals for the 1973 taxation year. It appears from the summary, table II, that the poorest sector of Canadian society, those earning less than \$7,000, paid no less than \$1