

Further, taxpayers will have a right to a refund of any overpayment of taxes when a court decides in their favour, even if Revenue Canada further appeals the decision. There are additional relieving changes relating to taxpayer elections and waivers.

[Translation]

A number of major administrative initiatives are also proposed for the sales and excise tax. The government will for the first time pay interest on delayed refunds of overpayments of sales and excise tax. Manufacturers will also be permitted to claim a refund of any such taxes paid on bad debts. In addition, a formal assessment and appeal system will be introduced into the Excise Tax Act. The appeal rights of taxpayers will be protected and entrenched in the law.

These and other proposals detailed in the supplementary information address a number of serious concerns relating to tax administration and represent major improvements in the protection of taxpayers' rights and I wish to thank the Minister of National Revenue (Mr. Bussières) for his co-operation in this matter.

[English]

#### SALES TAX CHANGES

I am also announcing today a further change to the sales tax.

The question of whether the manufacturer's sales tax should be shifted to the wholesale level has been discussed for several years. One of the government's original objectives was to eliminate the unwarranted advantage this tax gave foreign producers competing with Canadian manufacturers in our own markets. This was particularly serious in the auto industry.

Last year I appointed a private sector committee to study alternatives. The committee has recommended that the proposed overall shift in tax to the wholesale level not be implemented. Rather, it has suggested that the government introduce modifications to the existing system to deal with specific defects. The government accepts this recommendation.

I propose, however, that the manufacturer's sales tax on highway motor vehicles be shifted to the wholesale level, effective March 1, 1984. At present, the tax on a Japanese or European car can be \$100 to \$200 lower than on a comparable car made in Canada or the United States. The change I propose will result in a small revenue decrease for the federal government. But it will ensure a uniform application of tax to all makes of vehicle and end the unfair advantage for imported overseas automobiles.

This measure among others will support growth and employment in the Canadian auto industry.

#### OTHER TAX MEASURES

I am also proposing a number of additional amendments to the Income Tax Act and to the Customs Tariff and Excise Act that will affect Canadians in specific situations. These are

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described in detail in the supplementary information I shall table with this budget.

One in particular I want to mention relates to the energy sector. While circumstances in the petroleum industry are improving, there is a need for further temporary assistance, particularly for Canadian companies that are typically among the most aggressive in searching for new supplies of oil and gas. Last April, I provided support to these companies by deferring the reintroduction of the incremental oil revenue tax for one year, from June 1, 1983 to June 1, 1984. I will be proposing to defer reintroduction for another year, to June 1, 1985.

I also propose to introduce changes to facilitate the transfer of family farms from one generation to another. These changes are in keeping with the government's commitment to the preservation of the family farm.

There has been some controversy surrounding the possible application of Section 31 of the Income Tax Act to farmers. The court decisions have clearly emphasized that farm losses are not in any way restricted for those farmers whose principal occupation is farming and I want to affirm that this is our policy intention. Those farmers whose principal occupation is farming should have no concern that their losses may be restricted. This includes farmers who have taken jobs to provide an extra source of income, as many farmers do in order to support their farm operation.

There is some question of the application of these rules to part-time or so-called hobby farmers. Many such persons have full-time or other occupations in the city but nevertheless carry on farming activities. Concern has been expressed that changing the loss rules to benefit those persons could have an adverse impact on farm prices and provide an inappropriate incentive for speculation in farm land. Before considering any specific changes to Section 31, I intend to establish a consultative group to assess the impact that changes might have on the agricultural sector.

[Translation]

#### PARTNERSHIP FOR ECONOMIC SECURITY

In preparing this budget, one of my overriding concerns has been to improve the economic security of individual Canadians.

Through the recession and into the recovery, this government has maintained its commitment to a wide range of programs and policies that provide an essential level of economic support for Canadians: income support programs, health care programs, economic opportunity programs. These programs help build an environment in which economic growth can be better achieved and maintained.

I am proposing today important measures to enhance the economic security and confidence of Canadians.