

*Excise Tax Act*

per litre, or 6.8 cents per gallon, excise tax. These combine to produce a total tax relief of 4.5 cents per litre, or over 20 cents per gallon. This rebate took effect December 1, 1984.

Our Government wants to facilitate this fuel tax rebate. We are concerned about the financial difficulties currently facing those engaged in the primary sector, and it is our hope that all Hon. Members will act in concert with the Government and pass this relieving legislation as quickly as possible.

When providing primary producers with a fuel tax rebate, the Government will not impose on the primary producers a mountain of paperwork in return for this benefit. On the contrary, our Government is dedicated to simplicity and greater productivity wherever and whenever possible. I want to reassure Members of the House who represent Canadians engaged in the primary sector that we are not a Government which introduces tax relief measures only to create a bureaucratic albatross to administer the benefit. The administrative measures will be implemented by the most fair and simple means possible. Relevant information on the procedures for this fuel tax rebate are being distributed by Revenue Canada.

This measure, as I mentioned earlier, reflects our Government's concern for the current financial difficulty facing primary producers. It will cost some \$160 million in the first full year of operation and will run through to January 1, 1987. In addition, the refund system for the 1.5 cents per litre excise tax on gasoline will also remain in place.

A second measure reflected in this Bill deals with the air transportation tax. This tax measure is part of the cost recovery program which my colleague, the President of the Treasury Board (Mr. de Cotret), announced on November 8, 1984. The *ad valorem* rate of this tax on air travel within Canada and the United States is increased to 9 per cent from 8 per cent, with a new maximum of \$30 which is up from the previous \$23 maximum. For air travel to destinations outside Canada and the United States, the specific tax will be increased to \$15 from \$12.50. These increases will affect tickets purchased within Canada and those purchased abroad by passengers who board flights in Canada. This increase is effective April 1, 1985.

This cost recovery measure is expected to generate additional revenue of \$34.6 million in 1985-86. The amount will be allocated to Transport Canada to fund services related to air transportation in Canada. In addition to these new initiatives, the Bill will remove any uncertainty in the market-place with respect to tax measures announced in the past but not yet legislated.

A telecommunication programming services tax of 6 per cent on charges made for provision of programming services such as Cable TV or closed circuit broadcasts and related services is being authorized. This tax has effect as of April 20, 1983 for services provided from July 1, 1983 and has been included in the charges of most cable system operators since that time. We are proceeding with this particular measure, as well as three measures I will place before the House, in order to avoid undue disruptions in the affected industry.

Second, the tax point for highway motor vehicles is being shifted from the manufacturer level to the wholesale level; that is, to the sale-to-retail level. This shift has no effect on the tax on domestic vehicles but it does decrease the amount of tax on U.S.-made vehicles while increasing the amount of tax on other foreign-made vehicles. This change is effective from March 1, 1984 and removes competitive inequities inherent in the current tax structure.

Third, for all taxable transactions from October 1, 1984 to December 31, 1988, the sales tax will be increased by one percentage point. The applicable rates are 6 per cent on construction materials and equipment for buildings, 13 per cent on alcohol and tobacco products, and 10 per cent on all other taxable goods. The additional revenues generated by this increase had already been allocated to prior expenditures.

The previous Government set up programs without knowing how to pay for them or taking the responsibility to raise the necessary funds at the same time. This adjustment in the tax rate will generate revenues of \$2.2 billion by 1986 to pay for programs already set in motion by the previous administration. Much as the Government regretted this measure, we were compelled to proceed with its implementation once we had examined the extent of the overspending by the previous Government.

I am also putting before the House certain technical measures which will benefit taxpayers. Upon Royal Assent to this Bill the Government will begin paying interest of 1 per cent per month on refunds of taxes outstanding more than 60 days beyond the filing of a valid claim. This will apply in respect of all payments to taxpayers or other persons entitled to recover moneys under the Act.

● (1250)

Also effective on Royal Assent, taxpayers may apply for and recover *ad valorem* sales and excise taxes paid on transactions which are written off as bad debts. Sales from February 16, 1984 are covered by this provision.

The definition of "taxable marginal manufacturing" is being clarified specifically to include the coating or finishing of goods for sale, while removing the reference to unspecified activities related to the preparation of goods for sale. Other amendments relate to specific commodity or industry groups or are of a technical or administrative nature.

Passage of this Bill will clear the way for consideration of new initiatives to improve our commodity tax system while allowing the business community to operate in an atmosphere of certainty and confidence.

I would like to take this opportunity to reaffirm before the House this Government's declared dedication to restoring confidence and stability to our economy. Confidence is the key to our economy's expansion, the key to greater job opportunities and the key to social equity for all Canadians, young and old, wherever they live in this great country of ours, in the west, the east or the far north.