

Income Tax Act

who have invested in small businesses in a very shoddy way by retroactively catching them, the way he is now proposing?

Mr. Chrétien: Mr. Chairman, we have a bill before this House on small business that is to be dealt with soon. What the hon. member wants me to do is to help the small businesses in perpetuating loopholes, not in favour of small business but in favour of big business. There is a proposition before this House to plug loopholes that could benefit big business. It is not affecting small business.

In another bill which will come before this House after we have finished with this one, we will be discussing small business and this bill will directly help small business, not by creating loopholes but by giving incentives. Here we are plugging a loophole that could benefit big business but will not affect small business negatively. The opposition have it completely wrong. If they want to discuss the positive things that we are doing with small business, let us pass this bloody bill as quickly as we can and we can then go on to the other one. We have been discussing this one a long, long time.

Mr. Stevens: Mr. Chairman, while we are dealing with clause 32, and it is very much an income tax consideration, would the minister indicate why he has hesitated to facilitate venture investment corporations, such as are now in place in Ontario? The minister often takes guidance from the Treasurer of Ontario, and that provincial government has passed legislation permitting investment corporations to invest in small businesses. Why does the minister see fit not to pass the suitable amendments to the federal Income Tax Act in order to make funds going into venture investment corporations comparably attractive, from an income tax standpoint, as they are in Ontario?

Mr. Chrétien: Mr. Chairman, I do not think that this clause has anything to do with venture investment corporations. At this time the Minister of State for Small Business is discussing this concept within the government and outside in the private sector. The government has not yet decided exactly in which form it will be moving in that regard.

Mr. Stevens: Mr. Chairman, when the minister says that venture investment corporations have nothing to do with this section, this is the narrow interpretation which he likes to take. After all this section will put in place a new deterrent to those who would like to invest in small businesses. If he persists in going ahead with it, and if he feels there is some loophole that he has to plug, I think it is relevant that we know to what extent they will facilitate venture investment corporations, because something is needed in Canada to ensure that more capital is generated for investment in small businesses.

Mr. Chrétien: Mr. Chairman, we are doing that just to make sure that those who invest in small business are not out to milk the small business, but to help small business. That is exactly why we designed these sections. I have replied in general to this question close to 50 times. I do not know what I can add at this time.

● (1622)

Mr. Stevens: Mr. Chairman, when the minister says that he has replied to this question 50 times, that is just not true. I asked one question, plus a supplementary question, concerning venture investment corporations. That is all the questioning has amounted to at this point. I have asked all my questions. I am disappointed that the minister has not seen fit to accept at least partially some of our suggestions with regard to clause 32.

For good order, I wonder if the officials and the minister can give us the figures I requested earlier. It was on another clause. At that time they were just doing the calculations. I requested the comparative figures for research and development write-offs, comparing a 48 per cent tax corporation to a 20 per cent tax corporation. I asked that because it was my understanding that the write-offs for research and development as proposed by the minister were much more attractive for large corporations compared to small corporations.

I know the officials have the figures available. In fact I know they have completed their calculations. For the record, I think it would be a good time for us to get them into *Hansard*.

[Translation]

Mr. Chrétien: Mr. Chairman, I will be very glad to provide an answer to that question when we get back to clause 6.

[English]

The Deputy Chairman: Shall clause 32 carry?

Some hon. Members: Agreed.

Clause agreed to.

On clause 33.

Mr. Stevens: Mr. Chairman, dealing with clause 33 I wonder if the minister can first indicate where this clause is covered under the income tax motions?

Mr. Chrétien: In the first line of the ways and means motion where we talk about "other matters". This is one of the other matters. This is a technical amendment. Technical amendments are always handled in this way. A ruling of the Chair gave us some flexibility there. This is one of the other matters. Further, the hon. member should have wakened up a little bit earlier because this is consequential to clause 5 which has already been passed. I can read the technical explanation.

This technical amendment is consequential on the amendment adding subsection 20(12) to the act provided in subclause 5(3) of this bill, which has already been passed. It adds a subparagraph 126(7)(c)(iii) to the act effective for 1978 and subsequent taxation years. The amendment simply ensures that any foreign income tax which a taxpayer has deducted in determining the taxable income cannot also be claimed as a foreign tax credit.

Mr. Stevens: Mr. Chairman, I do not know whether it is necessary to comment when the minister keeps making partisan remarks. However, when he says we should have wakened