

Income Tax Act

Usually, the Department of National Revenue will consider what a similar piece of land to the one in question has sold for in the community in recent years, maybe two or three years before. They will say, "Here is a quarter section of comparative value. This was the value placed on it, and therefore the parcel of land in question has this value." This is how market value is arrived at, and I suggest to the minister that it is in no way accurate. I have seen land values drop drastically in the last three years, so it cannot be a yardstick for what went before.

Let me put it to the minister again. In establishing value, do I understand correctly that it is not proposed to take into consideration in this equation the productive value, and it is not proposed to take into consideration the assessed value?

• (9:10 p.m.)

Mr. Benson: Mr. Chairman, I hope the people who read this speech will also read the speech of the leader of the New Democratic Party with respect to the value of farmland.

Mr. Gleave: That is all right. In no way is the minister scaring me with those remarks.

Mr. Mahoney: The hon. member is the biggest Tory in the House.

An hon. Member: What's wrong with being a Tory?

Mr. Benson: Mr. Chairman, I should simply like to say that I disagree with my hon. friend. There are always disputes between individual taxpayers and the Department of National Revenue. If he will look at the number of cases that have gone to court over the value of farmland, he will find that over the years the number has been very small. This matter has been settled quite equitably—agreed, after argument.

I am sure that my hon. friend would argue about his farmland just as other people would argue about theirs. They will look for a low value and the Department of National Revenue will look for a higher value, and finally they will settle on something which is still below market value. There have been very few court cases in this regard. Since my hon. friend says that this is a terrible problem, will he tell me the number of court cases that have arisen in this regard?

Mr. Alexander: That does not matter. Court cases do not always show what is going on in this regard.

Mr. Gleave: Mr. Chairman, I have not the slightest idea how many of these cases have gone to court. I suspect that there are not many. Let me point this out to the minister. Not far from where I farm in my constituency, an individual came to me a couple of years ago and said, "I transferred a quarter section of land and the Department of National Revenue says that I did not transfer it at the right value. They say that land is worth much more than the value at which I transferred it." He asked me what he could do and I said I did not know but that I would talk to the people concerned.

Mr. Chairman, that man did not go to court. He paid the \$500. This matter cost him \$500 and, as I say, he did not go to court. And why not? Because going to court would have cost him twice \$500 and the people in the department

[Mr. Gleave.]

would have taken that matter so far up the line that his tongue would have been hanging out before they would have settled with him.

Mr. Mahoney: Mr. Chairman, I am sure, in view of the announced intention of the NDP government of Saskatchewan to impose succession duties, that there will be an impulse on the part of taxpayers to reach a fairly equitable value as a base value for succession duties on the one hand and as a base value for the capital gains tax on the other.

Mr. Gleave: Fine, Mr. Chairman. I am getting all the political answers from the other side of the House.

Some hon. Members: Oh, oh!

Mr. Gleave: Neither the minister nor the parliamentary secretary have proposed before this committee a fair and reasonable way of arriving at the value of land on valuation day.

An hon. Member: But you people will be imposing succession duties.

Mr. Gleave: Thank you, that is fine. However, Mr. Chairman, succession duties have not yet been introduced. They may be introduced. That is not our concern here. We must deal with our responsibilities here in the House for those people, and the minister should answer this question. When you talk about market value, you do not take into consideration the productive capacity of the land or the assessed value. The market value is the most unreliable method of arriving at the actual value of a piece of farmland.

An hon. Member: Oh, oh!

Mr. Benson: Mr. Chairman, my hon. friend is saying that the amount you can sell a piece of land for is the worst way of determining its value.

Mr. Gleave: Right.

Mr. Benson: I disagree with that. I would say that if I owned a piece of farmland, the best way of determining its value is to see what I can get for it. You do not determine value by saying what it would produce or what it might produce in future. You determine its value by what you can sell it for. That is what fair market value means.

Mr. Gleave: But, Mr. Chairman, on valuation day the value might be depressed.

Mr. Peters: I wonder what this provision will do to the empires of some hon. members opposite.

Some hon. Members: Oh, oh!

The Deputy Chairman: Order, please.

Mr. Gleave: Let me tell the minister, if he does not already know, and the parliamentary secretary—

Mr. Mahoney: The NDP had better throw that Tory out of the party.