

Income Tax

Mr. Jones: The minister, his parliamentary secretary and all members of cabinet have a responsibility to the people of Canada in presenting this legislation. The bill is not honest. Neither businessmen nor the man on the street can understand it. Lawyers, judges and even accountants cannot understand it. The people who write it do not understand it and cannot give the parliamentary secretary the answers he needs today. Perhaps he cannot interpret their language. Mr. Chairman, the Income Tax Act should be abolished and a 10-page or 15-page act substituted so that everybody in this House would know what they were voting on, and so that the ordinary man in the street could understand it. We sit here year after year trying to interpret something that cannot be interpreted.

The people of Canada have criticized the Income Tax Act in their homes and on the street. When they consult an accountant, he tells them one thing and then a lawyer tells them something else. Even the so-called experts in the department tell them different things. Eventually, when the matter comes before the courts, there is another interpretation. This is a serious business, Mr. Chairman. We should not be applying band-aid amendments to the Income Tax Act year after year. We should do away with it and start over again with an act more appropriate for our country and one that the man on the street could understand. Any piece of legislation that is as ridiculous, ambiguous and as stupid as this does not deserve to be debated. Every member should vote against it so that we get rid of it. Band-aid improvements are no good; they mean nothing.

The Deputy Chairman: Shall clause 4 carry?

Some hon. Members: On division.

Clause agreed to.

On clause 5—*Royalties, etc., to be included in income.*

Mr. Stevens: Mr. Chairman, I wonder if the parliamentary secretary could indicate to the House why this clause is retroactive to May 6, 1974.

Mr. Lumley: Mr. Chairman, as the hon. member knows, when a company enters into a joint venture with the Crown corporation in resource development, the present rules technically forbid the company from avoiding not only any royalties paid to the government or the government agency but also in share profits within the Crown corporation. The purpose of the amendment is to rectify that situation, because it certainly was not intended to separate the profit side from the royalty side. The amendment provides that payments made to a government pursuant to an obligation imposed by statute, as opposed to a contractual obligation such as the royalty legislation of a province, would be disallowed as a deduction. It is an endeavour to facilitate joint action between Crown corporations, government and the private sector.

Mr. Stevens: I wonder if the parliamentary secretary could tell the House the significance of the date May 6, 1974?

Mr. Lumley: Mr. Chairman, if I am not mistaken, this amendment just clarifies actions taken at that time with respect to royalties.

Mr. Stevens: Could the parliamentary secretary be more specific? What action was taken, and with whom, on May 6, 1974, that would be clarified by this amendment?

Mr. Lumley: Basically, it was with respect to the non-deductibility of royalties, Mr. Chairman.

Mr. Stevens: Could the parliamentary secretary be more specific? What arose on May 6, 1974, that we are referring to on this section? I should like a little more than "basically it is with respect to the non-deductibility of royalties", or some such answer. Specifically, what are we trying to achieve?

Mr. Lumley: Mr. Chairman, I am sure the hon. member knows the answer to the question before he puts it. I would refer him to the budget of May 6, 1974, where he can see the details with respect to the royalties.

Mr. Stevens: I do not want to delay passage of this clause, Mr. Chairman, but I notice it relates also to page 18 where we find a further reference to the same type of thing. I wonder if we could pass this clause, and by the time we get to page 18 perhaps the minister or the parliamentary secretary will be able to give a more complete explanation of what is covered in this subsection.

● (1742)

Mr. Lumley: This amendment, as well as the one similar to paragraph 18(1), if I am not mistaken, subclause 11 makes it clear the rules governing oil and gas and mineral royalties do not apply to other payments made to governments or Crown corporations.

Clause agreed to.

On clause 6—*Exchanges of property.*

Mr. Lumley: Mr. Chairman, we have an amendment to move to clause 6. This amendment is required to the French version of clause 6, paragraph 9, paragraph (13)(21) of the act which defines "total depreciation" allowed. This amendment corrects a translation error in the definition.

The Deputy Chairman: Mr. Lumley moves:

That subclause 6(9) of the French version of Bill C-11 be amended by striking out lines 31 and 32 on page 8 thereof and substituting the following:

[*Translation*]

"of all amounts deducted by the taxpayer and allowed to him in respect of property of that class under"

[*English*]

Amendment (Mr. Lumley) agreed to.

Mr. Crosbie: Mr. Chairman, I wanted to speak with particular reference to clause 5 and the amendment. There are so many subclauses in this bill that it is pretty hard to keep track of them, but it implements paragraph 20 of the income tax