Income Tax Amendment

Hon. J. W. Monteith (Perth): Last evening the minister outlined in some detail with the contents of Bill No. C-259. He told us that it could really be considered in four categories. The first category would be implementing budget resolution No. 11 of last March, dealing with deferred profit sharing plans, budget resolution No. 12 dealing with the transfer of pension plans or retiring allowances into a deferred profit sharing plan, and budget resolution No. 13 dealing with supplementary unemployment benefit plans.

Then he explained that the second category had to do with the repeal of the Canadian Vessel Construction Assistance Act. The third category dealt with provincial abatements which are necessary to change and extend the abatements of personal and corporation income tax on income earned in a province in accordance with federal-provincial fiscal arrangements. The fourth category he described as consisting of miscellaneous amendments intended, I gather, to tidy up the act and assist in its administration. All in all, this represents a comprehensive package to be contained in one bill.

The bill has been before us since December 21, 1966 and now, as a result of representations, the minister is offering several amendments. The hon. gentleman called this measure a complicated one. Having spent a good deal of time trying to analyse not only the minister's words of last evening but the amendments he proposes to make, I cannot but agree with him. It is most complicated. I should like to thank him, however, for following a somewhat unusual procedure, as he himself said, by giving us advance copies of the amendments he proposes to introduce as we proceed with the clause by clause study.

In his remarks on second reading the minister referred to his budget speech of March 29, 1966 and said he wished to prevent abuse of the provisions dealing with profit sharing plans. I agree that abuses at the expense of the employees must be stopped. I have read the minister's speech very carefully and I must admit that some of his explanations sound reasonable enough. I trust, however, that the circumstances described in "The Tax Corner" of the *Globe and Mail* of February 24, 1967 will not prevail. I should like to mention that this article does throw considerable doubt upon what the minister is trying to achieve in the bill before us.

• (3:20 p.m.)

I should like to read one excerpt, which incidentally, is by Mr. H. Heward Stikeman in the Canada Tax Service Letter and which has been reproduced in this article "The Tax Corner":

> In these amendments, the government is indulging its growing propensity for using massive legislation to block relatively isolated and minor abuses. The side-effects of the amendments could be more detrimental to the tax-paying public than the loopholes they seek to close. Also, because of their extremely harsh sanctions and the retroactive effect on profit sharing plans already established which are, in many cases, almost impossible to alter, little incentive is left to the businessman to continue or start plans of this type for his employees. The rules of the game have been once more changed in midstream without warning and incentive legislation has proved a trap for the innocent majority because of the antics of a daring few.

I should like to point out also that the article contains a speech delivered by the hon. member for Kamloops (Mr. Fulton) to the Toronto Junior Board of Trade in which he raises doubts and criticizes the retroactive features of this bill concerning profit sharing plans. I assume that the hon. member for Kamloops will be speaking later.

Several matters are brought up in that article which seem to point out that there is discrimination in retroactive legislation here, which is not good. I do not intend to go into details at the moment, but I am inclined to think some of these retroactive and very harsh features of Bill No. C-259 may be somewhat alleviated by the proposed amendments. In endeavouring to apply the proposed amendments to the bill itself I found that time seemed to run out before I could analyse the whole situation. As a consequence I am afraid we will have to leave discussion in this regard until we are considering the bill clause by clause.

There is one inquiry I should like to make of the minister which he may answer later. Has the minister met with representatives of the shipbuilding industry, and are they satisfied with the proposed amendments regarding the Canadian Vessel Construction Assistance Act? Other members will have something to say in this regard, Mr. Speaker; but there is one clause in Bill C-259 which I am assuming the minister includes in category 4, namely "miscellaneous amendments". Possibly he or his advisers consider this to be a tidying up clause, but I view it with some alarm. I refer to clause 21. It seems to me the government is using this amendment to the Income Tax Act, which really constitutes a new section, to continue its progress toward a completely regimented society. They seem to be