

Income Tax Act

Consequently, Mr. Chairman, I should like to move the following amendment:

That clause 6 be amended by deleting all the words after "prescribe" in the ninth line.

In that way, Mr. Chairman, the minister will be able to judge when the economy will benefit by having the funds that have accumulated under this tax returned to the economy.

I might also point out that the minister has been repeatedly telling us that the government finds it necessary to go to the market for funds. It may be useful in the near future for the government to be able to retain the funds they have on hand on which they are committed to pay 5 per cent, considerably less perhaps than the amount they have to pay if they go into the market. Therefore, for that reason I move this amendment, which I think will make this tax, ineffective though it was to start with, slightly more effective than it would have been in this measure.

Mr. Sharp: Mr. Chairman, I would remind the hon. member for Nanaimo-Cowichan-The Islands and also the members of the committee that when I presented my budget statement to the house on November 30 I announced government policy on the repayment of this refundable tax. I said at that time that we now proposed to begin the refunding process in June 1968, refunding then the payments received before June 30, 1966. Every second month thereafter we will refund one month's receipts. In August 1968 we will refund payments received in July 1966 and so on.

Therefore, I did give a declaration of government policy in relation to how we intended to refund the amounts that we had collected. The purpose of the amendment that is before us is to enable us to carry out another of the policies that I announced at the same time, namely that in order to reduce administrative costs we should refund with our first payments in June the total amount received from those corporations whose aggregate refundable tax did not exceed \$1,000. I said we will be asking parliament for authority to do this, and that is the purpose of the amendment now before the committee.

It would not have been necessary, Mr. Chairman, to ask for that amendment had it not been for the limitation that required us to retain the money for 18 months. This amendment enables us to refund in the first payment the very small amounts that have been collected under this tax.

[**Mr. Cameron (Nanaimo-Cowichan-The Islands):**]

I find it difficult, for several reasons, to agree with the proposed amendment of the hon. member. First of all, when we introduced the legislation we stated the policy of the government, and parliament approved it, namely that the amounts collected should be repaid in not less than 18 months and not more than 36 months. To amend the law now so as to remove the limitation of 36 months would be to change the conditions under which the money was first raised. I know of course that in all taxation statutes it is always possible to change the burden of taxation, which in effect is what the hon. gentleman is proposing. He is proposing we should retain the money somewhat longer at a relatively low rate of interest and refund it at some other time. However I do not think it would be good public policy to change the date.

In the second place, Mr. Chairman, the government itself decided and announced that it would not wait 36 months but would in fact repay the amounts two years after the date, this being appropriate policy under present financial and economic circumstances. So I do not think that the government needs the additional period of time that would be made possible by this amendment. For these reasons I feel I should reject it.

I am not certain whether this is a valid amendment for a private member to move, but I am not raising that question at the moment.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Chairman, unlike most of the minister's arguments I find this one quite persuasive and with the permission of the committee I will withdraw my amendment.

The Assistant Deputy Chairman: Does the committee give the hon. member the right to withdraw the amendment?

Some hon. Members: Agreed.

Amendment withdrawn.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read a third time? By leave, now?

Some hon. Members: By leave, now.

Some hon. Members: Next sitting.

Mr. Deputy Speaker: Mr. Sharp, seconded by Mr. Benson, moves that Bill No. C-193, an act to amend the Income Tax Act, be now read a third time and do pass.