

Income Tax Act and Estate Tax Act

At page 477 the report reads:

Taxation should be levied in the most neutral manner possible. However, this does not mean that if a taxpayer elects to place his resources in such a way that they are not readily realizable, he should secure a tax preference over other taxpayers with liquid assets. The tax system should, of course, provide for an orderly realization subject to the securing of debts to the Crown and the payment of appropriate interest. As long as tax can be readily computed there seems little excuse for the failure by taxpayers to make provision for such taxes and will apply to their estates.

The New Democratic Party members failed to mention in their speeches that this proposal affects the farmer and the city dweller as well. It might be of interest to people in urban areas to see how the recommendations of the Carter Commission might have affected them. I quote from an article in the *Toronto Telegram* of January 31, written by Eric Dowd:

Almost any house in Metro is now worth at least \$20,000, said a Queen's Park official.

The average Metro price is about \$30,000—

For most people it would have meant taking out a mortgage to pay off the new tax,—

The article reads, in part:

The province is under some pressure to raise this exemption. A select committee of the Legislature urged last year the exemption be raised to \$90,000.

It felt a \$75,000 estate is not a "rich man's estate"—

I think this is the crux of the whole matter. The minister realized this report could be dynamite. It would have affected every householder in Toronto. His own riding would have been affected and it would have been "bye bye Benson". It was not the rural areas which concerned the minister. As he stated, it was representations from the urban areas in Toronto from which you have a flood of Liberal members. These are the people who changed his mind. The Carter Commission proposals at that time would have affected every householder. The minister realized how dangerous this was and changed his mind. There is one commendable feature in the estate tax proposals and that is the exemption for spouses. This is a provision with which everyone would agree. For this I congratulate the minister. I am sorry the congratulations have to stop at that point. From that point on, the minister has made it a lot tougher on small businesses.

What did the minister do with regard to the \$20,000 exemption? He introduced a tax system that was most iniquitous and after a

[Mr. Korchinski.]

period of incubation said, "No dice, we don't tax any more; we put things back to where they were." But he did not do this. The point made earlier by a spokesman of the N.D.P. is well taken. What the minister has in fact done has been to tax those estates below \$100,000 at a higher rate. According to this table, on an estate of \$60,000 with one child under the present law the tax would be \$2,600. Under the proposed law the tax would be \$4,800. Once estates reach a higher level and people are in a better position to pay more tax, the minister makes it easier by reducing their tax.

On an estate of \$100,000 the tax under the present law is \$15,160 and under the proposal law it is \$13,200. Estates valued at \$60,000 will be subject to a higher rate of tax than previously. It has been made easy for the millionaire. We save him something like \$70,000 or \$80,000. Under the present law an estate of \$1 million paid \$511,000. Under the proposed change it will pay \$434,000. This is what the minister is doing for the millionaire.

• (9:40 p.m.)

Mr. Benson: On a point of order, Mr. Speaker, since the hon. member is quoting from the tables might we not get permission of the house to have the total tables printed in *Hansard* along with the hon. member's speech?

Mr. Korchinski: I am sure I don't mind. As a matter of fact it might prove the point I am making, that from \$100,000 on these proposals make it a lot easier to pay your taxes. As a matter of fact, the tax was a lot higher previously than it will be now.

Mr. Deputy Speaker: Order. I am not sure whether the minister's point of order was by way of formal request or interjection. If the minister wishes to table these documents he needs the consent of the house. I am not sure really what his intention was.

Mr. Benson: Mr. Speaker, the hon. member was quoting from tables I had given him. I was going to ask unanimous consent of the house to have the total tables printed in *Hansard* along with his speech so that all can see what the figures are.

Mr. Deputy Speaker: Is this agreed?

Some hon. Members: Agreed.

[*Editor's Note: The tables above referred to are as follows:*]