

Income Tax Act

government decides it will be flexible with an employer's contribution to the plan?

[*Translation*]

Mr. Bussières: Mr. Chairman, I am afraid I do not understand or the hon. member does not understand the legislation. As a matter of fact, what is the purpose of this legislation? It is to allow an employer to contribute to a pension fund more than the current maximum of \$3,500. Moreover, I do not think that this legislation deals directly with the matter which the hon. member has raised. There is no connection between the two realities; that is the problem.

[*English*]

Mr. Rae: Mr. Chairman, I do not want to extend this discussion unnecessarily—

Mr. Peterson: Bravo!

Mr. Rae: The hon. member for Willowdale can say "bravo", but I do think this is a problem. I am sure when he is faced with employees in his riding who come from bankrupt firms and who have had their pension funds denuded by their employers, they too will be raising some questions with him.

If it is not relevant in this context, perhaps the minister can give us the assurance that this is one of the things which will be discussed at the National Pensions Conference, in which I am sure he is taking an interest, as are others.

[*Translation*]

Mr. Bussières: Mr. Chairman, I can assure the hon. member that this is one of the subjects which will be dealt with during the conference on pensions. I am confident that this conference will propose answers not only to this particular problem but also to a great many other problems related to pensions in this country.

Clause 10 agreed to.

Clause 11 agreed to.

[*English*]

On Clause 12—

Mr. Riis: Mr. Chairman, under present legislation the chartered banks of Canada are allowed to deduct from their taxable income any losses from bad or doubtful debts. This particular amendment allows banks to deduct or defer this deduction to subsequent tax years, which will presumably have the effect of increasing bank profits. Considering recent reports that banks are not doing too badly, and particularly the report coming from the Economic Council of Canada in 1978 that Canadian chartered banks actually overcharged Canadians to the tune of hundreds of millions of dollars—perhaps by 1980 reaching the \$1 billion mark—has the Department of Finance determined the impact of this amendment on bank profits? Will this not allow banks to profit from record levels of bankruptcies due to high interest rates? I think this is a very crucial question, particularly in light of recent evidence brought forward regarding overcharging by Canada's banks.

[*Translation*]

Mr. Bussières: Mr. Chairman, the intent of this amendment is in fact to place the banks' reserves for doubtful debts on the same footing as those of any other type of corporation. This should have no impact whatever on bank profits.

Clause 12 agreed to.

[*English*]

Clauses 13 to 15 inclusive agreed to.

On Clause 16—

Mr. Rae: Mr. Chairman, this proposal makes a change in the capital gains tax. Part of the explanatory note says, and I quote:

That where, as a consequence of the death of a taxpayer after September 5, 1977—

Perhaps I could ask the minister by what miracle that date was chosen. Who died on September 5, 1977, or who died on September 6, 1977?

—an object certified under the Cultural Property Export and Import Act is donated to a designated institution or public authority, any capital gain from the disposition of the object be exempt.

This clause, as well as Clauses 18 and 20, deals with the question of capital gains.

[*Translation*]

I should like to remind the minister that when answering our questions on Clause 1 he said he agreed we should find a way to channel the discussion on capital gains. Now perhaps he should tell me how. If he does not know just now, when does he intend to tell us? Will it be in committee? How shall we discuss it?

Finally, why should we make minor changes in respect of capital gains when he admitted himself that he was waiting for the opportunity to consider the problem? We see now that he accepted some changes, and I would like to know why. What was the rationale for selecting that particular date of September 5, 1977? When will he be in a position to announce how we will, to use his own words, channel the discussion of the problem?

● (2100)

Mr. Bussières: Mr. Chairman, I am very glad to see that the hon. member pays so much attention to what I say when I answer questions, which is not usual if one has to answer many questions. Why September 5, 1977? What is the magic reason that made us choose that date? This is the day when the Cultural Property Export and Import Act came into force. That is the reason for selecting that particular date. That takes care of the first point. As to the second point, reverting to the argument I used with regard to the working paper on capital gains, I would like to point out to the hon. member that this amendment is a minor one, that it is of a technical nature and as such it does not have a significant impact on taxation.