

Taxation Reform

full explanations regarding any problems that may arise from the white paper. I think if all of us work in conjunction with the committee, then we will have acceptable legislation. We can use the proposal as a basis to be adjusted and end up with a tax system in Canada which Canadians will say is more fair and equitable than the present tax system and yet will not stifle the economic growth of our country. Thank you, Mr. Speaker.

Mr. McGrath: Mr. Speaker, would the minister permit a question which is prompted by the presence in the gallery of the distinguished Premier of Newfoundland?

Some hon. Members: Hear, hear.

Mr. McGrath: Mr. Speaker, is the minister aware of the objections and reservations the Premier of Newfoundland has about this white paper? Perhaps while the minister is on his feet he might avail himself of this opportunity to tell the House whether other premiers have expressed similar objections.

Mr. Benson: Mr. Speaker, the only objections that I have had or have seen from government officials are the ones that have been briefly stated in the paper. I do not think we will ever develop a taxation system that will make everybody in Canada happy. I do think by moving through proposals such as we have, with everything to be discussed at public hearings before the committee of this House and the committee of the other place, we can at least receive the opinions of all sorts of people before we finally decide on a new tax system for Canada.

Mr. Wahn: Mr. Speaker, I, too, should like to ask a question arising out of this statement. Is it the intention that Section 105 would continue to be available in respect of surplus amounts accumulated before the effective date of the new legislation? May I ask the minister whether the five year re-evaluation of marketable securities would apply only to individuals who hold marketable securities or also to corporations which hold marketable securities?

Mr. Benson: Mr. Speaker, the hon. member is getting into details with regard to the proposals. I would be pleased to answer the first question dealing with Section 105. It is proposed in the white paper quite clearly that existing surpluses can be cleared by the payment of a flat 15 per cent at times to be

[Mr. Benson.]

chosen by the shareholders and the corporation. So, this would involve Section 105 as modified. This would be easier than Section 105. Under Section 105 as it presently is, you have to pay out half in dividends and 15 per cent on the balance. With the new proposal, one could clear surpluses by the payment of a flat tax of 15 per cent.

In response to the second question, periodic revaluation would apply to corporations as well, but I should like to look into the detail of the particular situation my hon. friend may be thinking of because this is a rather complicated question.

Mr. Gilbert: Mr. Speaker, in view of the minister's concern about the low income groups in the country, and his statement that it is a step in the right direction to increase exemptions to \$1,500 for a single man and \$3,500 for a married man, I wonder whether he has received any criticism about this increase in the exemptions? If not, will he implement or recommend the implementation of them as of January 1, 1970 to give relief to these low income groups?

Mr. Benson: Mr. Speaker, as soon as the proposals move through the committee we would prepare legislation and go ahead with it. You must remember that these proposals are in a sense designed to raise a similar amount of revenue. If one were to move ahead by simply increasing exemptions, without considering the other proposals with regard to personal income tax, bringing in capital gains and so on, this would mean a cost of a billion dollars. We would have to make more than one change at a time.

I do not think I have received criticism in respect of the exemption, but I have had the question raised in some letters to me as to why we do not go further. The answer is simply that to move up \$400 for single people and \$800 for married couples costs \$1,000 million which has to be raised from other taxpayers through redistribution within the system. It is a matter of opinion as to how far you can go in shifting the burden at a particular time. I think we have made a substantial step.

Mr. Lewis: Is that \$1,000 million a year?

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, since I am limited to 40 minutes in speaking to the motion to refer this white paper to the committee, there is time to do no more than touch upon some of the main considerations involved as I see