

function with relative ease. We wonder, however, why complications were added to some of the amounts which were to become of historical interest, such as paid up capital deficiency, so that current situations continue to apply to them. Any simplification of the rules for what amounts are attributed to what accounts or "pots" for the purposes of shareholder distributions would be most welcome. Of all the confusing concepts in the new legislation, none is more difficult than the pot contents set out in the definitions in section 89.

If hon. members would look at section 89 they would see that there we have a reference to pot contents. It is a difficult thing under the act to define what is in this particular pot. The other day I saw a diagram on mineral taxation where reference was made to storage bins, to particular mixing bins and this sort of thing, and finally some sort of amalgam came on at the end. I do not think even the author or the artist knew what on earth had come out in the end. The brief goes on to state:

We believe there are too many pots and too many difficult calculations to make to determine what amount is in what pot. In the definition of paid up capital deficiency, for example, all but one of the ten subsections which must be examined cross-refer to other provisions of the statute or involve complicated definitions contained in other paragraphs of subsection 89 (1). Almost all of these cross-references lead to further cross-references or definitions, which are not helped by the erroneous cross-reference in (IX) to subsection 111 (1)(b) which should be to subsection 111 (1)(a). Yet, essentially, the section is defining only the amount of a capital deficit with which existing corporations will enter the system. In most cases, there will be no necessity to make the calculation because the corporation will not have a capital deficit anyway. We believe there must be a simpler and clearer way to enact one operative section which would set out in logical sequence the rules for taxation of future distributions of those corporations entering 1972 with a capital deficit.

That is the nature of the criticisms that appear in the brief entitled "Canadian Tax Reform—A Review". I could go on and pick out some more but because of the time factor and as a result of discussions I have had with representatives of the other parties, with the exception of the Cr ditistes—

[Translation]

There was nobody in the House at that time.

[English]

I am prepared to propose to the parliamentary secretary that the Chair call the following sections which we have up for discussion tonight, along with another one which did not form part of this group but is related to it and which we would be prepared to have included. If the Chair would call the following sections, I think the committee might generally be disposed to pass them. Certainly members on the government side would welcome this.

Perhaps the Chair might call sections 181, 182, 183, 185, 187, 191, 193, 195 and 197, and outside the group of sections that was before Your Honour today which referred to bankrupt corporations and is merely a carry forward of existing legislation and causes no problems, section 128. I think there would be disposition as far as we are concerned to accept those clauses this evening and then call it ten o'clock.

• (9:50 p.m.)

Mr. Baldwin: The spirit of Christmas has got into the hon. member—Santa Claus.

Mr. Benjamin: You guys are being too nice.

[Mr. Lambert (Edmonton West).]

Income Tax Act

Mr. Lambert (Edmonton West): We make progress.

The Assistant Deputy Chairman: Is it agreed that the Chair now call the sections enumerated by the hon. member for Edmonton West?

Mr. Knowles (Winnipeg North Centre): Yes, Mr. Chairman; but I was just going to ask if there are any government amendments to any of these sections.

The Assistant Deputy Chairman: There do not appear to be any amendments on these sections, so I shall call them one by one.

Clause 1, sections 181 to 183 inclusive, agreed to.

Clause 1, sections 185, 187, 191, 193, 195, 197 and 128, agreed to.

Mr. Baldwin: Mr. Chairman, perhaps I might ask before you get in your exalted position in the Chair, and our having made such great progress today, what particular sections the government will see fit to concentrate on tomorrow. Perhaps the government House leader or the parliamentary secretary would suggest some sections which would permit hon. members on the other side of the House to make a contribution for a change.

Mr. Paproski: That will be the day.

Mr. MacEachen: Mr. Chairman, tomorrow we will call division I, sections 166, 167 and 168; division J, sections 169 to 180 inclusive; followed by part XV and part XVI, sections 220 to 247 inclusive; followed by what has mysteriously been called residuals.

Mr. Lambert (Edmonton West): Ten o'clock.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

The Acting Speaker (Mr. Boulanger): The hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas).

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, since it is a few minutes before ten o'clock I wonder if the hon. member for St. John's East (Mr. McGrath) could be called first.

The Acting Speaker (Mr. Boulanger): Is it agreed?

Some hon. Members: Agreed.

FISHERIES—SUGGESTED TALKS WITH OTHER COUNTRIES TO DETERMINE REACTION TO POSSIBLE CANADIAN EXTENSION OF JURISDICTION TO COVER CONTINENTAL SHELF

Mr. James A. McGrath (St. John's East): Mr. Speaker, on Thursday, November 25, my colleague, the hon. member for Gander-Twillingate (Mr. Lundrigan), and myself directed questions to the Secretary of State for External Affairs (Mr. Sharp) asking if he was aware of the bill