

Adjournment Debate

If there is a area of universal concern to Canadian taxpayers, it is certainly that of income taxes, since every individual with an income must turn over part of it to the internal revenue department for the administration of his country. People with fixed incomes are perfectly aware of what they are paying in income tax. They are equally aware of their neighbours' contributions.

However, in the case of corporations and especially multinational corporations, it is very difficult to find out whether they are really paying their share to the country in which they operate. It is extremely important because those companies do not pay their fair share of taxes and the small wage earner will have to make up the difference needed for a sound administration of the country. A few weeks ago the Quebec government learned that seven oil companies had not paid income tax.

● (2200)

Mr. Speaker, owing to the price escalation of oil products which in certain cases have increased by 50 per cent, we wonder how a company can avoid income tax. Since the same companies are found throughout Canada and must file income tax returns with the federal government, it is therefore extremely important to compare their tax contributions to the Quebec and federal governments.

I ask to the Minister of National Revenue whether there have been meetings, negotiations, inquiries and controls made in that connection. It is an important and even urgent question since it is high time that we should know exactly what are the facts in order to plug utterly unacceptable loopholes. Mr. Speaker, it is all very well to exhort people to stay calm, to pay their taxes quietly, but the fact remains that the report stating that seven oil companies have paid no taxes in the province of Quebec is a cause for misgivings in the average citizen's mind.

It can be asked therefore why there are so many complaints which sometimes get to the point of revolt. I think that these things must be clarified. We must know if the same situation is prevailing at the federal level. That is the purpose of my question. Without divulging secrets, can the Minister of National Revenue say if these companies are in the same situation with regard to federal income tax?

The public has a right to know and, obviously, as their representatives, it is our duty to throw some light on this situation. If the system is maintained, we might eventually have a dreadful future.

Therefore, Mr. Speaker, I ask simply if some of these companies have neglected to pay federal income tax and secondly if there have been, or will be, meetings with officials of the Department of Revenue of the province of Quebec, so as to compare tax returns of these companies with those submitted to the federal Department of National Revenue.

[*English*]

Mr. Maurice Foster (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, on behalf of the Minister of National Revenue (Mr. Stanbury), I would like to remind the hon. member that Revenue Canada, Taxation, is not free to disclose income tax information in respect of identified taxpayers. Therefore, I cannot state

[Mr. Matte.]

whether a particular corporation or a particular group of named corporations did or did not pay federal income tax for any given taxation year. However, it can be seen from the latest statistics for the 1970 taxation year that approximately 145 corporations which can broadly be classified as oil companies paid federal income tax, and some 640 did not.

Statistics issued by Statistics Canada in a publication Corporations Statistics shows that for the 1971 year oil companies paid federal income tax in the amount of approximately \$150 million.

There are a number of reasons why an oil company may not pay federal income tax in any particular year. A corporation may have a loss for a year, or the profit for the year may be offset by losses carried forward from previous years. An important factor in arriving at the amount of taxable income of an oil company is the deduction that is allowed for exploration and development expenses. Most of the major oil producing companies in Canada have incurred very heavy expenditures in exploring for oil and developing new wells. Under the Income Tax Act such costs are deductible in a taxation year to the extent the company has income, and any such costs not deductible because of the income limit may be carried forward and claimed as a deduction in a subsequent year when the company has profits. The total amount of exploration and development expenses claimed by all oil companies in the 1971 taxation year was approximately \$820,000,000.

It must be recognized that a company engaged in producing oil is subject not only to federal and provincial income taxes but is also required to pay royalties to the government of the province in which the oil is produced. The amount of such royalties paid is a business expense of the company, and is therefore deductible in arriving at taxable income for federal income tax purposes.

There is no evidence to suggest that the oil companies in Canada are not reporting their taxable incomes properly in accordance with the provisions of the Income Tax Act.

CONSUMER AFFAIRS—ADVERTISEMENTS FOR SALE OF HOUSES IN TORONTO AREA—CONTRACTS WHEREBY BUILDER CAN CHANGE PRICE AND MORTGAGE TERMS

Mr. Don Blenkarn (Mississauga): Mr. Speaker, on March 5 last I asked the Minister of Consumer and Corporate Affairs (Mr. Gray) a question concerning the activity of certain building corporations advertising houses for sale. I related to the minister the problem which arose when some persons went to buy a home and were advised on the site, by the agent of the builder, that the homes were really not for sale—that they could put in a reservation but the reservation would provide that their deposit would be returned without interest if the builder-developer felt the price was not sufficient. Moreover, the terms of payment, price, closing date and the rest could be altered unilaterally by the builder.

As a result of my question the activity of a number of builders in Toronto advertising in the *Toronto Star* and the *Toronto Globe and Mail* were severely curtailed, and the Urban Development Institute disciplined the builders involved by advising them that such advertising was improper.