

Income Tax Act and Related Acts

Since the notice will be withdrawn, Private Members' Hour will be cancelled, and pursuant to Standing Order 39, the House shall continue with the business before it prior to Private Member's hour.

[English]

There are no questions since we are into 10 minute speeches. On debate, the Hon. Member for Churchill (Mr. Murphy)

Mr. Rod Murphy (Churchill): Mr. Speaker, I would like to support the amendment moved by the Liberals on the tax legislation, but I think you realize, Mr. Speaker, that I probably would not accept all the words of the previous speaker from the Liberal Party, especially those words which were critical of the New Democratic Party.

It is obvious to many in this House and across this land that there is a need for real tax reform. The sense of unfairness Canadians have with respect to our tax system is not just a feeling held by a small group of Canadians, it is a feeling held by many, many Canadians. During the last federal election campaign, there was a debate on a minimum personal tax. It was our Leader, the Hon. Member for Oshawa (Mr. Broadbent), who raised that during the Leaders' debate. He pointed out that many of the richest Canadians were not paying one cent of income tax because we had created so many categories they could use for exemptions and so many investment loopholes they could use. They were not paying one cent in taxes. As a result of the debate that took place during the last election campaign, we finally had a minimum tax put in place for individuals. We have some problem with the tax that was put in place because we believe there are still some loopholes and ways that some Canadians can avoid paying their fair share of taxes.

One of the things that did not happen is we did not make the same provision for corporations. So we are now in a situation where corporations in this country which are making money—and we are talking about a significant amount of money—are not paying any taxes whatsoever. We do not believe that is fair. We know that other nations have looked at that situation and have said it is not fair. If we believe that individuals should pay their fair share, that those in the higher income brackets should pay their fair share, that there should be a minimum tax to guarantee they pay at least something, then the same thing should apply to corporations. That is something that many European countries and others have accepted as only natural. We believe that that is something with which this tax reform legislation should be dealing. The subamendment I will be putting forward in a few moments will deal with that aspect.

We believe that it is important that people pay their fair share. We also believe that corporations should pay their fair share. There are a number of problems with our tax system. One of the problems pointed out in my riding is the whole northern tax benefit. You are aware, Mr. Speaker, that until the end of April 1988 some communities in the North were

allowed to deduct a northern tax benefit which saved many families about \$2,000 to \$3,000 a year in taxes. However, other communities, such as the community of Thompson and Wabowden in my riding, communities in northern Ontario and communities right across this land, north of the 56th parallel, were not deemed to be northern communities. Because of an outburst of protest from these people that they are indeed northerners, the Government acted on an interim basis and the people of Thompson, which is a community of 15,000, and the community of Wabowden in my riding, which is a community of 1,000 people, are to be temporary northerners. For the next two years they will be treated as northerners in the tax system until the Government straightens out its act. There was a study of costs in northern communities, and there might be some new legislation brought forward at that time.

I bring this to your attention, Mr. Speaker, as an example because I think it points out the problems we have with our tax system. Over a period of time the Government has made decisions but has had to back down. It has ordered studies and has changed its tax system rather than come to grips with all the problems we have with our tax system.

In many ways, I think people who are filling in their tax forms every February, March or April must feel they are playing a shell game. They do not know what the rules are, what they should have done a year before when they received their pay cheques. They really do not know what they should do to look after themselves and their families in terms of paying their fair share of taxes, but not paying more taxes than their neighbours. In an ironic situation, a bank teller earning a very small salary finds out he is paying more in taxes as a bank teller than the bank itself is paying. How does he feel? He cannot belong to a union because every time a teller or someone else tries to form a union, the Canadian Imperial Bank of Commerce breaks that union by transferring people out. These people receive low salaries and then the tax system makes them pay a certain amount of taxes, but their employer has not paid a cent in income taxes for the last number of years. How do they feel about the fairness of the situation then?

In some ways the system the Government has presented is a step in the right direction. We are calling for a much fairer program. I know our finance critic, the Hon. Member for Ottawa Centre (Mr. Cassidy) has spoken before, and I am sure he will speak again this evening, to explain why the system is not fair and what we could be doing to improve the tax system to ensure fairness for the average Canadian family. Wealthy families will receive an average of \$4,365 a year in tax cuts, 60,000 profitable corporations will continue to get away without paying any tax at all and the average Canadian family is left paying \$1,000 a year more in income and other taxes than they did in 1984.