

context in which we have to live together as a society. One of the expressions I was familiar with as a child was, "pick on someone your own size". That is what the tax Department should do. Instead of picking on small farmers, pensioners or other average Canadians in this unfair way, it should go after the big boys, the ones who are not paying any taxes at all. This is one place where the tax collectors could expend a lot more energy than, in my view, they are expending now. In the meantime, in order to make it easier for them, the Government could start changing the tax law itself so that some of these people who are able, within the rules, to avoid paying any taxes at all while accumulating great salaries or wealth in some other way, will no longer be able to get away with it.

● (1825)

This has to stop, Mr. Speaker. On the one hand we see pensioners and other average Canadians being almost persecuted and regarded as dishonest by the Government bureaucracy, while on the other hand we have wealthier and more powerful Canadians getting away with murder. If the Government wants to restore confidence in government in this country, which the Liberal Government has done so much to destroy over the last 15 years, this is a step it could take right now.

Mr. Garnet M. Bloomfield (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, the Hon. Member has raised quite a troubling problem. I believe he was referring to the matter of business losses claimed against other sources of income, in particular income from salaries and wages.

Adjournment Debate

To begin with, it is not possible to examine every tax return in detail during initial assessing. If this were done, the ten million or so refunds that go out every year would be delayed for a very long time. Thus, the review of returns at the initial assessing stage has necessarily to be quite limited.

However, certain returns, a quite small percentage of the total, are selected later for what is called the post-assessing stage. Included among these are returns that claim to set off losses from a business against other income. A key question in these cases is whether or not there is a business, and a key determinant as to whether there is a business is, according to the courts, whether there is a reasonable expectation of profit. It would be often quite unfair to answer this question and to make this determination on the basis of one year's return, or even two years' returns. The pattern of development of the taxpayer's enterprise has to be observed over a longer time than that. By the time it is fair to say that there is in fact no expectation of profit a number of years may elapse. When this is done, the losses of a number of years have to be questioned and the reassessment facing the taxpayer can, in law, go back as many as four years. Nonetheless, I want to assure the Hon. Member that it is the policy of the Department to administer the laws in fairness and equity to all taxpayers.

[*Translation*]

The Acting Speaker (Mr. Herbert): The motion to adjourn the House being deemed to have been adopted, this House stands adjourned until tomorrow at 11 a.m.

At 6.30 p.m. the House adjourned, without question put, pursuant to Standing Order.