Income Tax

There has been something like over 500 changes to the Income Tax Act when it was revised in 1972.

It is beyond the capability of many Hon. Members in the House to comprehend this Bill. It is not possible for many chartered accountants to understand it, other than those who specialize in tax accounting. It is becoming too cumbersome. It is at a point where the average person cannot understand it. Furthermore, there is a discrepancy in that the cost of professional help is not permitted as a deduction for the average wage earner but is only permitted for people with very high incomes who can afford to pay for it whether it is a tax deduction or not.

● (1125)

Those are some of the points I wanted to speak to in general on this Bill because I feel we are being very unfair to the Canadian public.

Since the November, 1981 budget, chaos has reigned in Canada. Thousands of small businesses have gone bankrupt. The energy industry in Alberta has fallen apart. Alberta, a successful Province, is having to borrow money at this time. This is all a direct result of the Government tax laws that have been passed since February 18, 1980.

Specifically, I would like to deal with a few points in this Bill. I come from a part of the country where the automobile industry is the life blood of my constituents. General Motors has had to lay off thousands of people. There are many other people in related service industries who have lost their businesses.

These occurrences are beyond the recession that we are suffering, which I believe has been largely the fault of this Government. The taxation measures introduced in this Bill have also damaged our automobile industry. Companies leasing cars now have to extend these deals into four or five years for their salesmen as a result of this Bill. The lifeblood of a salesman is his automobile and he can no longer get around as quickly, because a four or five year old car will obviously be in the garage some part of the time for repairs. The Government, at a time when salesmen's incomes are being reduced, are now charging them tax on the use of a vehicle that is their lifeblood. This has reduced the sale and leasing of automobiles, which has hurt the automobile industry. It has hurt all the service industries around the automobile industry and has also harmed the sales people, who are so important to this economy.

Let me go on to one other area of this Bill that I take exception to, and that is the life insurance industry. The life insurance industry has provided great amounts of money for investment in Canada through savings of individuals. Admittedly, the Government has deferred the law for a year or two down the road, but it is so greedy to grab the tax on the income when it is earned, rather than taking the opportunity it has always had to grab the tax on the income when a man needs the money, that we are discouraging people from providing for the future.

You know as well as I do, Mr. Speaker, that constituents who were employed in the forties, the fifties and the sixties and who are now retired are suffering because the money they saved is not adequate to provide them with a decent way of life. To put this provision into this Act is a disgrace. Perhaps the Government's position on this is to control all the people so that they are totally dependent on the state. I think that this is unacceptable to the people of this country.

In Canada, when we need new industry, when we need expansion of residential units in the housing industry, when we need growth to support this fine country, the Government cut out one half of the capital cost allowance. Then, to be tricky, it considered the soft costs in building as capital costs so that a developer cannot write them off. The result of that is to increase the cost of rental units to the people of this country. The cost of rental units now is so high that it is difficult to apply the old formula that no more than 25 per cent of one's income should be spent on rental of living accommodation. By pushing it up, people must spend almost 50 per cent of their income to provide housing.

● (1130)

The next point in the Bill I come to, which refers to small business, is the SBDB. As Members know, this was developed by our Government, proposed by our Government and then abused and torn apart by the Liberals. It was meant to encourage industry, small business, to grow in this country. It was an encouragement for people who put their money in to be able to get lower cost loans. It was not enough, I must say from a personal point of view, but it was a start.

What has this Government done? It has now presented this only for bankrupt firms. I have talked to the banks about this. A company that is in trouble needs a lot more than a 34 per cent reduction in its interest cost. If you are going to help people who are in bankruptcy, you should put a moratorium on their interest rates until they can get their cash flow back to what they require to pay their debt. This does not solve the problem of those to whom it is addressed. This is an area that this Government and the Minister of Finance (Mr. Lalonde) should address in the next budget.

There is one part of the Bill I am delighted with. Due to the complexities within the Act, even the Department could not remove deductibility of interest on borrowed funds. The Department could not find a way to take this Provision out. It got up to 16 pages and then had to throw in the sponge. It could not get it out of the Act. I say thank God, because it should not come out. Canadians are too inclined to keep their money in their socks rather than put it out for investment. The few entrepreneurs we have left in this country need every encouragement to invest in our industry in order to get people employed and make profits so that our industry can grow and we can be less dependent on the multinationals.

Unfortunately, the Government did find a way of getting interest deductibility under Registered Retirement Savings Plans. Those are funds that were necessary to go directly into investment in industry in this country. Is it the Government's