

**Mr. Stevens:** Mr. Chairman, I thank hon. members for their accommodation. Could the minister give us any estimate as to the number of companies within this clause which are benefiting at the present time?

**Mr. Turner (Ottawa-Carleton):** I will undertake to get the information for the hon. gentleman.

**The Chairman:** We will now return to clause 83.

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, I have a short, technical amendment which I have circulated to the committee. I move:

That clause 83 of Bill C-49 be amended

(a) by striking out lines 2 and 3 on page 210 and substituting the following:

'of the said act following subparagraph

(i) thereof is repealed and the following substituted therefor:

"(ii) was not deductible by virtue of subsection 20(11) in computing the taxpayer's income for the year; and"

(b) by striking out lines 4 to 6 on page 210 and substituting the following:

"(5) Subparagraphs 126(7)(d)(i) and (ii) of the said act are repealed and the following substituted therefor:

"(i) in paragraphs (1)(b) and (3)(b), the tax for the taxation year otherwise payable under this part before making any deduction under section 121, subsection 124(2) or (2.2)

or any of sections 125 to 127,

(ii) in subparagraph (2)(c)(i) and'

Amendment (Mr. Turner (Ottawa-Carleton)) agreed to.

Clause as amended agreed to.

Clause 84 agreed to.

On clause 85.

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, I have circulated an amendment, which I move:

That clause 85 of Bill C-49 be amended by striking out line 37 on page 211 and substituting the following:

"1977 and subsequent taxation years and"

This is a relieving amendment to ensure that the resource tax changes do not inadvertently reduce the tax credit available under the existing law.

Amendment (Mr. Turner (Ottawa-Carleton)) agreed to.

Clause as amended agreed to.

Clauses 86 to 91 inclusive agreed to.

On clause 92.

**Mr. Turner (Ottawa-Carleton):** I have a technical amendment to correct the French translation to correspond with the English version. I move:

That clause 92 of the French version of Bill C-49 be amended

(a) by striking out line 47 on page 215 and substituting the following:

"(i) elle tirait la quasi-totalité de"

(b) by striking out line 47 on page 216 and substituting the following:

"(ii) la quasi-totalité de ses mem-"

(c) by striking out line 52 on page 216 and line 1 on page 217 and substituting the following:

"crédit qui, toutes, tiraient la quasi-totalité de leurs revenus des"

Amendment (Mr. Turner (Ottawa-Carleton)) agreed to.

#### Income Tax

**Mr. Benjamin:** Mr. Chairman, I assume this clause is just allowing interest receipts from credit unions and dividends to be classed as interest and qualified for inclusion under the \$1,000; is that correct? Second, I would like to know why members will be treated in classes. What is the purpose of this amendment?

**Mr. Turner (Ottawa-Carleton):** It is not the purpose of this amendment, but the answer to the hon. member's question is yes, interest paid by credit unions to their members is exempt under that first \$1,000 of interest income, but this is not the amendment which does it.

**Mr. Benjamin:** Subclause (2) states that the members will be treated in classes according to the interest rate charged on their borrowings. I am not clear why it is done that way.

**Mr. Turner (Ottawa-Carleton):** Subclause (2) is a technical amendment which will allow credit unions to deduct from their income interest rebates credited to their own members which are calculated at a rate in relation to the rate of interest on each individual borrowing transaction conducted by the member. Many credit unions are paying interest rebates at a rate in relation to the rate of interest paid. To calculate their own interest rate they rebate to their members on the basis of the interest rate they have to pay themselves. For example, all members who have borrowed money at the rate of 9 per cent may receive a rebate of one-half per cent, and those with loans at 12 per cent may receive a rebate of 1 per cent under the rules of the credit union. Questions have arisen as to whether the present rules enable a credit union to deduct interest rate rebates calculated in relation to the rate of interest paid. This amendment will ensure that deduction of such interest rates is permitted. It was asked for by the Credit Union Association, and this is what we are doing.

● (1440)

**Mr. Stevens:** Mr. Chairman, clause 92(3)(b)(i) reads:

—it derived all or substantially all of its revenues from—

Then it lists various things, and paragraph (ii) provides:

—all or substantially all of the members thereof—

Could the minister explain why the rather nebulous term "substantially all" is used? Could a more precise percentage not be used in order to identify, for people dealing with this section, exactly what the department has in mind?

**Mr. Turner (Ottawa-Carleton):** The Department of National Revenue has to estimate whether primarily or substantially all revenues are derived from legitimate sources, that is, sources that qualify under the act. The current act requires that the credit union derive its revenues—"primarily" is the word in the current act—from listed categories of income. The hon. gentleman knows that credit unions normally derive their revenues from a variety of sources, and some from other than those listed in the act. Some of them are even deriving more than half of their revenues from some unlisted sources and therefore do not qualify under the current definition.

The amendment which will be effective for the 1972 and subsequent taxation years will replace the word "primari-