

[Text]

The White Paper proposals would have an even more restrictive effect. Stock option plans are still in use in Canada to some extent, and people are willing to accept the fact that the benefit that it confers is fairly limited. But it will be even more limited if the White Paper averaging proposal is applied to the stock options.

**Mr. Flemming:** Mr. Chairman, I wonder if these gentlemen have made an investigation as to why the Act was amended in 1956. What was the basic reason for the amendment that they say was less favourable.

**Mr. Sharwood:** I do not really know the answer to that.

**Mr. Dobson:** I understand that some people were abusing it. If you are catching some people who are abusing it, you are penalizing, and I think the Minister of Finance at that time agreed with this, that there were some legitimate people. This is my concern, not that you catch some people, but that the positive shall not be restricted.

**Mr. Flemming:** Yes. I think he has a good point, Mr. Chairman, that you should not punish 95 per cent too much on account of 5 per cent of the people who really deserve to be watched. Those are all my questions. Thank you very much.

**The Vice-Chairman:** Mr. Danson.

**Mr. Danson:** Thank you, Mr. Chairman. In the summary, under Stock Options, in the third sentence, you say:

The Association suggests that if middle and higher income tax payers are to be taxed more heavily, then there is a good argument for liberalising the income tax rules under which stock options operate.

First of all, let us deal with the higher rates in the middle and higher income tax brackets. How much of an increase do you anticipate, or do you think, will take place in these brackets? First of all, what are the middle and higher brackets, in your view?

**Mr. Sharwood:** Well, I understand everybody has his own definition of what a middle and higher income group is. But I think that we would say that the middle income group would start at \$9,000. So we would say that there and up is where the tax burden is going to be heavier.

I think we have made the assumption that the White Paper tax tables are the ones we were looking at, and they will come into effect as they are presented in the White Paper.

[Interpretation]

Les propositions du Livre blanc auraient donc un effet plus limitatif. Ces régimes existent encore au Canada et les gens acceptent que le bénéfice qu'ils peuvent en retirer est limité. Mais ce sera encore plus limité si on adopte les propositions du Livre blanc à ce sujet.

**M. Flemming:** Monsieur le président, je me demande si ces messieurs ont fait enquête afin de déterminer pourquoi on a modifié la loi en 1956. Pour quelle raison cet amendement a-t-il été fait?

**M. Sharwood:** J'ignore la raison.

**M. Dobson:** J'ajoute que certaines personnes en abusaient et on a donc fait ces amendements pour punir ces gens. Je crois que l'on devrait adopter une attitude plus positive et ne punir que les gens en faute.

**M. Flemming:** Je crois que c'est une excellente idée. Il ne faudrait pas punir 95 p. 100 des gens pour surveiller 5 p. 100 des gens qui abusent.

**Le vice-président:** Monsieur Danson.

**M. Danson:** Je vous remercie, monsieur le président. A la fin de votre résumé, sous la rubrique «Options d'achat» vous dites que:

L'Association propose que si les contribuables à revenu moyen ou à revenu élevé paient plus d'impôts, il y aurait donc une raison suffisante pour rendre plus souples les règles de l'impôt sur le revenu qui s'applique aux options d'achat.

Parlons d'abord, du taux plus élevé qui s'applique au contribuable à revenu moyen ou à revenu plus élevé. Quel genre d'augmentations ces tranches fiscales subiront-elles? Qu'entendez-vous au juste par tranche fiscale à revenu moyen et à revenu élevé?

**M. Sharwood:** Je crois que chacun a sa propre définition, n'est-ce pas? Mais les groupes de contribuables ayant un revenu moyen gagnent \$9,000 et plus. Ce sont eux qui seront frappés le plus lourdement.

Nous nous inspirons des tableaux qui se trouvent dans le Livre blanc.