

Income Tax Act

introduction of a refundable sales tax credit for low-income families, a special deduction for travel and housing for northern employees, an increase of \$250 in the disability deduction to \$2,860, a revision of the married exemption for the year of marriage, and modification to the tax treatment of dividends. In the case of a corporate income tax, over the next three years we have the elimination of the investment tax credit of 7 per cent and 10 per cent. However, the investment tax credit for the Maritimes will stay at 30 per cent, and the investment tax credit for Cape Breton will be increased to 60 per cent.

This Bill also gives effect to the elimination of the 3 per cent inventory allowance. This measure will take effect for the fiscal year 1986. There is a substantial reduction over the next three years of corporate income tax rates, with the general business rate being reduced from 36 per cent to 33 per cent, the rate for the manufacturing sector reduced from 30 per cent to 26 per cent, the rate for small businesses reduced from 15 per cent to 13 per cent, and the rate for small manufacturing businesses reduced from 10 per cent to 8 per cent. We also see some tightening up of the eligibility criteria for tax shelters in this Bill, in the case of limited partnerships, flow-through shares.

That is a summary of this Bill. Many of the issues are issues that we have spoken to before, therefore, my comments tonight will be brief.

When we go back to the Prime Minister's speeches, and the speeches of those who are now members of his Government prior to the 1984 election, we find a very great difference between what was in the election platform, and what we have actually seen since as policy. Both before and after the 1984 election campaign, the Prime Minister (Mr. Mulroney) and the Minister of Finance (Mr. Wilson) made many statements to the effect that they did not intend to fight the deficit by raising personal taxes. *The Toronto Sun* on November 29, 1984, wrote:

Prime Minister Brian Mulroney says he does not favour higher personal income taxes to reduce the swelling federal deficit because Canadians are already overtaxed.

The Toronto Star on June 1, 1985, quoted the Prime Minister as saying:

Canadians are already overtaxed—Canadians are already paying a pretty hefty bundle for their government services. They feel they are paying enough and that view is not without its support in government and private industry and labour circles.

The Toronto Sun on November 29, 1984, stated:

Finance Minister Michael Wilson said... he also does not want to raise personal income taxes.

CITY-TV, Toronto, August 28, 1984, quoted Finance Minister Michael Wilson as saying:

We have no intention of raising income taxes to Canadians. What we have to do is get down government.

CTV *Question Period*, March 1, 1985, the Finance Minister stated:

I don't want to increase taxes—I think we have a good deal of scope on the expenditure side to deal with the deficit problem. A tax increase, certainly a general tax increase, puts a dampening effect on the economy and I don't want to see us do that.

Well, on this side of the House we have repeatedly pointed out that the massive increases in sales tax that we have seen since this Government came into power will certainly have a dampening effect on the economy. But since coming into power the Government seems to have changed its slogan from "jobs, jobs, jobs", to "tax, tax, tax". The Government has imposed tax increases, or new taxes in every Budget. There are taxes on top of taxes whose cumulative effect would bite a little deeper each year.

In the fiscal year 1986-87 alone, the Government's tax increases, including those in the Bill before us today, will bring into the Treasury an extra \$5 billion. The effect on the individual family is significant. For example, a family with two children with a single salary of \$30,000 a year will be paying \$630 more this year because of the tax increases and the new taxes imposed by the Government. A single parent caring for two children and earning \$20,000 a year will have to find ways to cope with increased taxes of \$420 this year. An elderly couple on an income of \$27,000, most likely a fixed income, will be paying about \$500 more this year. None of these families is eligible for the sales tax rebate. According to the Government's standard for qualification, their incomes are too high. So there is nothing to offset this tax grab. Those who can least afford it will be hurt most by these tax increases. This is because people at the middle and lower ranges of the income scale have to spend what money they have on necessities. They cannot afford to put thousands of dollars a year into tax sheltered RRSPs, or to make investments and make tax exempt capital gains. So the impact of these tax increases is not spread evenly or fairly among taxpayers of low, middle, and high income.

Apart from the harshness of this, and the difficulty especially for low and middle-income families, there is the effect of that, effect that, as we predicted, the economy is showing some signs of slowing down. Perhaps I may continue after the vote.

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[*Translation*]

PATENT ACT

MEASURE TO AMEND

The House resumed from Friday, December 5, 1986, consideration of the motion of Mr. Andre that Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, be now read a second time and referred to a legislative committee; and of the amendment of Mrs. Killens (p. 1378).

The Acting Speaker (Mrs. Champagne): It being six o'clock, pursuant to Standing Order 13(5), the House will now proceed to the deferred division on the amendment to the motion for second reading of Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto. Call in the Members.