

Income Tax Act

to have said, I am more confused than I was at the beginning when I suggested there was some element of suspicion attached to the action of the government. The minister suggested that I made the most devastating comments about the Carter commission report ever made in this house. Let me state categorically in the most generous way I can that the minister is mistaken. If he persists in his feeling about what I said I suggest he should check the record. Perhaps that is what he is doing now. I am sure he will find that I did not attack that report in that way.

When I referred to the course of action taken by the government being different in respect of corporations from that taken in respect of individuals I was referring to the special refundable 5 per cent tax imposed on corporations in 1966-67. The minister deliberately ignored that reference and referred instead to some obscure amount like \$140 million which will be paid back, or will be like daylight saving, as the hon. member for Cariboo said.

The minister is deceiving the house when he tries to suggest that he will receive extra tax income from corporations. Let me place again on record what I pointed out to the minister when I made the comparison between corporate taxes and taxes on individuals. I understand that the refundable tax was imposed for the same reason as the so-called temporary surtax. The minister said that the refundable tax would be imposed for the period from May 1, 1966 to October 31, 1967. The legislation provided that every corporation should pay additional tax in an amount equal to 5 per cent for each taxation year. However, the minister was able to provide that that tax would only be applicable for the period from May 1, 1966, to October 31, 1967, and also that it would be paid back with interest after a certain period of time.

The difficulty is that this surtax on individuals will be paid by people who cannot avoid paying their full amount of taxes because they are salaried and their employers deduct the tax at the source. These people will pay the full 5 per cent surtax. The minister says he cannot set out a definite period of time over which the surtax will be payable because it is administratively difficult to do so. I suggest that the minister is unable to define "temporary" in respect of this tax and that in effect the 5 per cent surtax will go on forever. That is precisely what the legislation suggests.

[Mr. Howard.]

I do not intend to ask the minister to comment on what I have said, but if he feels he should make some answer I hope he will stick to the facts and not adopt a course of action which suits his position but one which will be more acceptable to members of the house.

Mr. Leboe: Have fiscal arrangements been made with the provinces in respect of this surtax and how much of it, if any, will revert to them?

Mr. Sharp: The surtax will not be shared with the provinces. This is one thing the provincial authorities will want to discuss with us in due course. This surtax was established in such a way that all the revenues will come to the federal government. If it had been imposed as an ordinary increase in income tax it would have been shared with the provinces.

The Assistant Deputy Chairman: Is the committee ready for the question?

Some hon. Members: Question.

The Assistant Deputy Chairman: The question is on the amendment moved by the hon. member for Comox-Alberni.

Amendment (Mr. Barnett) negatived: Yeas, 15; nays, 99.

The Assistant Deputy Chairman: I declare the amendment lost.

Mr. Orlikow: Mr. Chairman, I should like to say a few words on this clause because I am opposed to the 5 per cent surtax whether it be of a permanent or temporary nature. I am glad the Minister of Manpower and Immigration is in his seat because I should like to draw his attention to certain comments by an organization which he headed for a long time. They are contained in a memorandum submitted to the government by the Confederation of National Trade Unions. This is what they think about the 5 per cent surtax. This organization suggested, as we have, that this surtax is damaging to the welfare of people in the lower income brackets. Let me refer the minister to this sentence which appears on page 11 of their submission:

The measure providing that the 5 per cent surtax would not go beyond the sum of \$600 clearly protects those with large personal incomes.

• (4:20 p.m.)

That is the complaint we have been making about this proposal since the minister put it forward. The C.N.T.U. and the Canadian Labour Congress have been differing very