

*Income Tax Act*

**Mr. MacEachen:**—which is operating under a special time deadline, that in order to give an opportunity to the committee to do its work I agreed that it might meet in the afternoon. In the case of a meeting this afternoon, the chairman represented to me that it was vital to hold a meeting today.

**Mr. Nowlan:** That is not correct.

**Mr. MacEachen:** That is the representation which was received. I shall continue to curtail, as far as possible, the meetings of standing committees while this tax bill is in Committee of the Whole. I disagree with the conclusion reached by the hon. member. I believe I carried out that undertaking.

**Mr. Speaker:** And that, of course, is a matter for debate between hon. members. Perhaps House leaders might discuss the question among themselves at the first opportunity.

[Translation]

## GOVERNMENT ORDERS

## INCOME TAX ACT

The House resumed, from Tuesday, November 30, consideration in committee of Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act—Mr. Benson—Mr. Laniel in the chair.

[English]

**The Deputy Chairman:** Order. In accordance with the statement of the Parliamentary Secretary to the President of the Privy Council, as reported at page 10,032 of *Hansard* for November 30, the committee will now proceed to Clause 2 appearing at page 596.

Shall clause 2 carry?

On clause 2: *Estate Tax Act*.

**Mr. Lambert (Edmonton West):** The clause reads as follows:

The Estate Tax Act does not apply in the case of the death of any person whose death occurred after 1971.

I hope, Mr. Chairman, to be relatively as brief as that clause is. Since the leader of the House is here, may I preface my observations by expressing the hope that in future we shall get away from the nonsense of one and a half hours on a Wednesday being counted as a debating day. I take strong objection to that. A good deal of the time spent so far today has been taken up by lengthy government statements. I hope that in addition to the nonsense of allocation of time the House will not be restricted by artificial guillotines in the form of time wasted by the government.

With regard to the clause under consideration, we in the official opposition are in favour of it. Nevertheless, one has to look at some of its effects. As I said on second reading and on a number of other occasions, the people of Canada are being saddled with an extra tax as a result of

the imposition of the capital gains tax. There is no way any government member can defend the imposition of an additional tax. The capital gains tax is incorporated into the income tax schedule and it is a new tax. The estate tax is being eliminated. True enough, in the province of Alberta this will mean there will be no estate tax or succession duty collected; that province will have the new tax.

• (4:30 p.m.)

One may say that a capital gains tax is merely a prepayment of an estate tax. The provinces of Quebec, Ontario and British Columbia at the present time levy their own succession duty, since provinces do not have the constitutional power to levy an estate tax. Succession duty is a direct tax; estate tax is an indirect tax. The net result is that by exercising its constitutional power, the province of Quebec is levying and collecting its own succession duty as is Ontario. Hitherto the federal government levied and collected estate tax, but there was an agreement with the province of Quebec whereby there could be mutual credits. In effect, the heirs of a citizen of Quebec who died, did not pay a double tax, and the same applied to citizens of Ontario and British Columbia.

We are now told that Manitoba and Saskatchewan intend that a succession duty be levied, since there is no way those provinces can get an estate tax. There is no federal-provincial agreement on intercredits or mutual credits in regard to a capital gains tax and a succession duty. Therefore, John Citizen who unfortunately passes away will have his estate subjected to two taxes in the appropriate cases, first the capital gains tax because of the deemed realization on death, and secondly the succession duty of the province in which he lives. Just because he pays a capital gains tax, it does not mean that he will pay any less succession duty. To the extent that he pays capital gains tax, he will be paying more tax. How does this sit with members, particularly those from the province of Quebec? Can they explain to their constituents that they are not paying additional tax as a result of this so-called tax reform?

**Mr. Paproski:** They do not care about the Canadian taxpayer.

**Mr. Horner:** They are all Trudeau servants. They do what they are told. They are serfs of the imperialistic Pierre.

**Mr. Lambert (Edmonton West):** I put the same question to hon. members from Ontario, such as the hon. member for Essex West. Is the former parliamentary secretary over on that side going to take the same attitude on this particular point as he took on the subject of co-ops and credit unions? Is he going to face up to his farmers and say they are not to be taxed an extra amount? He is going to have to admit that. If the government had followed the proposal put forward by the Leader of the Opposition, about which I have spoken many times and outlined in great detail, the federal government and the provinces might have reached an accord in the interval. The problem might, in this way, have been resolved. But this bill is going to come into force on January 1, 1972 come hell or high water, says the government.