

*Income Tax Act*

This sort of thing has been going on for the fair length of time I have been in Ottawa. We have bills before us, we discuss them and we think we have done something, only to find that because of some interpretation we really have not done anything at all. The people of Canada become disenchanted with this sort of thing. They believe they have something in place which is really not in place at all. They blame the politicians when the politicians are not really at fault. It is the bureaucrats in the departments, usually supported by the ministers, who cause all this trouble. What I am referring to is real and not imagined.

On December 13 we passed this bill which stated that if you sold a farm you could buy another without having to pay capital gains tax because there was a rollover feature. At that time we were considering how this would help those farmers around cities who were being squeezed off their land for the purpose of establishing subdivisions. When the land was sold they obtained large capital gains, but if they were being squeezed off in this way and purchased replacement farm land they would not have to pay the capital gains tax.

Let me point out what happened to one of my constituents. He sold his orchard, having been squeezed out by a developer for the purpose of subdividing. He went to Alberta where he found a grain farm he wanted to buy. He wanted to take advantage of this rollover provision in order to buy this grain farm, but it was interpreted by the Department of National Revenue as being not the same kind of business. In other words, the orchard was not a farm, or the grain farm was not a farm. That was the interpretation in this particular case. The man was told he could not take advantage of the rollover provision. When I questioned the minister about this at the committee he said they had obtained a legal opinion from their lawyers to the effect that grain farming was not the same type of business. I just wonder how many different types of lawyers there are, and how they can justify splitting hairs in this way.

I referred to the interpretation section of the Income Tax Act to find out what the interpretation of a farm was in so far as that act is concerned. That act states that farming includes tillage of the soil, livestock raising or exhibiting, the maintaining of horses for racing, the raising of poultry, fur farming, dairy farming, fruit growing and the keeping of bees, but does not include an office or employment under a person engaged in the business of farming.

Why is that interpretation not sufficient? Why do we require a different interpretation by the Department of Revenue in respect of another bill? I suggest this only confuses the people and the issue, and this is exactly what has happened. I know that the Department of Finance is embarrassed because of this interpretation. The government brought in Bill C-56 with a clause that is supposed to fix this interpretation up. Can you imagine, Mr. Speaker, what is going on in this government that, almost immediately after they have put one bill down, they come back with another clause in another bill to correct an interpretation by the Department of National Revenue, which in my opinion is a legal interpretation that is splitting hairs.

● (2132)

We know that there are a lot of things done by this government through regulations and orders in council after we pass a bill. Here is an example of where the cabinet should have come down and said to the department of revenue, "Take a look at what the Income Tax Act says; take a look at the interpretation of farms; what is going on here; why are we causing more confusion; why is it costing more money and why isn't it more timely?"

We are lucky to have this Bill C-56 so soon afterwards in one sense, but in another sense we do not know whether it is going to be passed or not. It certainly would never have been talked about if the Prime Minister (Mr. Trudeau) had not picked up a case of cold feet and put his running shoes on. We are lucky in the sense that he did get cold feet and did not call an election because this situation would have taken years to be straightened out, and as I say we do not know whether Bill C-56 will be passed or not.

My main argument this evening is that this government does not need to bring in an act with these clauses to straighten out what has occurred in an interpretation by the department of revenue. All they need do is tell those "legal beagles" to take a good look at it and get with it. I wonder what their interpretation of a lawyer would be and how many different types of interpretations they would have.

In the clause which the government has brought in to straighten out this error and embarrassment to the Department of Finance, they use two words, "or similar". Here we are speaking on this bill and we do not know the interpretation the Department of National Revenue is going to put on "or similar". I asked the question in committee, and what the minister told me was that he backed up his people in the department for what they had done and in the interpretation they had made. He did not tell me, however, and neither are they telling us, what the interpretation is going to be of "or similar". Is it going to mean an orchard or a farm raising grain? A farm is a farm is a farm, and I do not believe that the people who made this interpretation know what they are talking about.

I was raised on a grain farm in the late thirties before I went into the armed services, and for two years I operated my father's grain farm, a section of land in Alberta. I now own an orchard, and have owned one for the last 28 years. It is farming and I call myself a farmer. When I came to this place I was asked about my occupation and I said it is farming. That is my occupation as a member of this House.

However, look at the kind of interpretation these people are putting on this because we had a simple little bill to do something. We as parliamentarians and legislators never dreamt that we were going to have these kinds of interpretations. My argument is that these should not be in the bill, and neither does it need to be there. With all the regulations, interpretations and orders in council that we have coming out of this place and that are never brought to this House, the cabinet could have told these people exactly the kind of interpretation that we should have.