

Income Tax Act

very much to a proposal which will permit them to pay tax at a lower rate than others.

Mrs. McDougall: Mr. Chairman, I think I have already answered the question. This measure brings these professionals in line with other professionals. They were actually discriminated against before. I will take the Hon. Member's point of view under advisement.

Mr. Brisco: I do not want to delay the proceedings but I want to engage very briefly in the debate and say how delighted I am to hear the Hon. Member for Winnipeg North speak about all these middle-class people who are supposedly receiving an enormous tax benefit from the child tax credit. I think all the tradesmen and labourers at Cominco and various sawmills in my constituency are going to be very interested in that statement, particularly their wives. I think the Hon. Member is out of touch with reality when he raises that point.

I would conclude by saying that I am a professional and I pay my full share of taxes, whether it be 40 per cent or 50 per cent, and I am incorporated. I know a lot of professionals who are in the same boat. I am not afraid of paying my fair share of taxes, and the Hon. Member is not accurate in his assessment on the basis of current facts.

Mr. Orlikow: Mr. Chairman, I want the record to be quite clear. I am not objecting to a tax credit for the person working in the forest industry with an income of \$20,000 to \$30,000, or whatever it is. Until we have a universal daycare system I believe people should have a tax credit. I am objecting to the fact that the people with incomes of \$75,000 to \$100,000 can get more in the way of tax credits than forest workers, and certainly more than a person working in a hospital in my city. That is what I am objecting to. I want fairness, Mr. Chairman. When the Government introduces legislation which provides for fairness in the tax system, we will support it, but not until then.

● (1540)

Clauses 40 to 44 inclusive agreed to.

On Clause 45—

Mr. Orlikow: Mr. Chairman, I wonder if the Minister would explain what this section does.

Mrs. McDougall: I am sorry, Mr. Chairman. I have lost track.

Mr. Orlikow: Is this the clause which refers to share purchase tax credit? If so, what does that mean?

Mrs. McDougall: These are essentially technical amendments, Mr. Speaker. It has to do with the fact that the tax credit can be viewed as a benefit conferred on the beneficiary that arises as a result of the existence of the trust. This clarifies the matter by preventing the trust from allocating the credit. It has no revenue implications. It is really a technical amendment.

Clause 45 agreed to.

On clause 46—

Mr. Orlikow: Does this clause refer to the scientific research tax credit?

Mrs. McDougall: Yes, Mr. Chairman, it does.

Mr. Orlikow: Is this the provision which the former government estimated would cost taxpayers \$100 million and which has now given credits of well over \$1 billion with another \$.5 billion coming through the pipeline?

Mrs. McDougall: Mr. Chairman, this is the basic part of that legislation, but these are simply technical amendments. They do not really change the status.

Mr. Orlikow: Mr. Chairman, it seems to me that the Minister should be able to tell us whether this is the section in the Bill which was so miscalculated by the former government, which the then Minister of Finance said would cost \$100 million and which has now cost the people of Canada over \$1 billion and is still rising. I would like to know from the Minister if this is the section of the Bill which provided for that.

Mrs. McDougall: Mr. Chairman, I answered that. I said that this is the section of the Bill which applies to that. It is the section on which a moratorium has been taken. However, these amendments do not relate to that part of it.

Mr. Orlikow: Mr. Chairman, if this is the section, why can the Government not act to plug the loophole? There have been innumerable reports which indicate that this provision, which was supposed to encourage Canadian companies really to move on research and development, has in fact not brought new money into research and development. It has been used as a tax scam by corporations wheeling and dealing. Instead of the \$100 million which the then Minister of Finance indicated it would cost the Treasury, it has cost well over \$1 billion. We have been told by the Minister of National Revenue that because so many of these agreements are being processed, he cannot do anything about it and we are probably going to lose another \$500 million in the interim period. Why can the Minister and her Department not take steps to stop that kind of raid and theft on the public Treasury?

Mrs. McDougall: Mr. Chairman, there was a moratorium taken on October 10. This is the section. There was action taken by the Minister of Finance to end those parts that were not meeting the intent of the Act. These were debt flips where people were simply exchanging tax credits in a way that was not appropriate. That was stopped on October 10.

Mr. Orlikow: Mr. Chairman, the Minister says that this was stopped on October 10. That sounds very good, but from questions which have been asked in the House and the answers from the Minister of National Revenue we know that it has been stopped except for the fact that those that were already started cannot be stopped. I am saying to the Minister that that is a very expensive situation. According to the reports