

Income Tax Act

The Assistant Deputy Chairman: Order. I regret to interrupt the hon. member but his time has expired.

Some hon. Members: Carry on.

Mr. Nowlan: Mr. Chairman, perhaps I could just finish this sentence.

The Assistant Deputy Chairman: The hon. member may continue only if he has the unanimous consent of the House.

Some hon. Members: Agreed.

Mr. Nowlan: It would appear that in drafting Bill C-259 and the later amendments, the simple nature of the method of operation of a co-operative, and the essential difference in its position and capital structure from that of an ordinary corporation, has been given little or no attention or has not been understood. Considering the many objections to the government's treatment of the co-operatives, it would seem that the government has adopted an attitude in respect of the co-operatives which is almost an anti-business attitude. The government would appear to be adapting its anti-business attitude to the co-operatives. It has an anti-business and anti-co-operative attitude. This is the attitude of the government as shown by its stubborn refusal to adopt any other position in respect of the proposals in this bill. I do not want to trespass further upon the good nature of many members in this House, but I hope I shall have an opportunity to finish my speech later.

The Assistant Deputy Chairman: The hon. member for Gloucester.

[Translation]

Mr. Beaudoin: Mr. Chairman, I rise on a point of order. I would like to put a question to the Secretary of State (Mr. Pelletier) to get something straight in my mind.

Several hon. members have stated yesterday—

The Assistant Deputy Chairman: Order. The hon. member rose on a point of order and he cannot ask a question since the Chair has recognized the hon. member for Gloucester (Mr. Breau).

Mr. Beaudoin: Mr. Chairman, I rise on a point of order. Things are happening and I think that there is—

The Assistant Deputy Chairman: The hon. member for Richmond is rising on a point of order.

Mr. Beaudoin: Mr. Chairman, I think someone said yesterday that the amendment would grant the co-operatives a ten-year period of progressive taxation before full taxation. Could the Secretary of State tell me if this is true?

Mr. Clermont: Mr. Chairman, the Secretary of State is not in attendance. The bill is presently seen through by the Parliamentary Secretary to the Minister of Finance (Mr. Mahoney).

The Assistant Deputy Chairman: Order. This is not a point of order but only a question. The hon. member cannot ask his question since I have already recognized the hon. member for Gloucester.

[Mr. Nowlan.]

[English]

Mr. Breau: Mr. Chairman, first of all I should like to respond to the remarks of my friend from Annapolis Valley. At times he is very constructive, but when he says the government has not paid any attention to the objections of the co-operative organizations I do not think he is quite accurate. As a matter of fact, with the capital employed concept, I believe the government has gone a long way—

Some hon. Members: Come on.

Mr. Breau: I should like the members who say "come on" to stand up and tell me what the government has done within the capital employed concept which does not go a long way towards meeting the suggestions of the co-operatives. If they say that, then they have not spoken to the co-operatives because the co-operatives accept the fact that the government has gone very far in staying within the capital employed concept.

An hon. Member: That is the objection.

Mr. Breau: Probably some members cannot understand this concept and the mechanics of the taxation system. I would appreciate it if they would listen to my remarks which might enlighten them a little. There are two questions here. First of all, if we accept the amendment of the hon. member for Regina East, I wonder if there would be a difference in the taxable revenue to the treasury, because if there is that is one matter. The second question is the long standing one, which is not necessarily changed in this bill, that is should we or should we not in the taxation system have a capital employed mechanism for co-operatives.

I should like to know from the parliamentary secretary or the Minister of Finance if there would be a difference in the taxation revenue to the treasury if the proposal of the co-operatives, which I believe is about the same thing as the amendment of the hon. member for Regina East, were adopted. I am sure there cannot be any administrative problem because the amount of patronage dividends that would go to taxpayers on which they would have to declare income tax would be minimal. Assuming, therefore, there is not a difference in the taxation revenue, or only a slight change, it would seem to me that this debate should be on the question of whether or not there should be a capital employed concept.

To tell the truth, I never really understood the rationale a capital employed concept. It would seem to me that if we had it, it would be for two reasons. First of all, it would be because private interests or people more oriented toward private business applied political pressure to see, in cases where they compete with private businesses, that co-operatives would pay taxes in an amount equivalent to those paid by private business. The second reason could be that we simply want the co-operative to pay more taxes. I believe this is a very complicated formula. It is one which many private citizens do not understand. If there is no loss of revenue, I think we should accept the proposals of the co-operatives because I do not believe we should retain at this time a formula as complicated as the capital employed concept simply because we want to