

*Supply*

[*Translation*]

**Hon. Pierre Bussi eres (Minister of National Revenue):** Mr. Speaker, the motion before the House today has two distinct concerns. The motion first refers to the complexity of the Income Tax Act and to the problems such complexity may cause, and then goes on to refer to certain practices of those who are responsible for enforcing this complex legislation, using certain terms to qualify those practices.

Finally, the motion's sponsor commented on other factors that went beyond concerns raised in his motion.

Mr. Speaker, once again I would like to make it quite clear to the House that I have never withheld any information in my answers to questions put by Hon. Members. As soon as a problem was brought to my attention, I immediately took steps to check the facts. I also made sure that my senior officials explained the Department's policy to our local managers. In addition, I made sure that this policy was well understood, if and where it was not followed, and it is now being observed.

Mr. Speaker, I feel my position is absolutely clear and without ambiguity. And if I did refuse, as I said yesterday in answer to questions I was asked, to play the petty games of certain Opposition Members, it does not mean that I withheld any facts. On the contrary!

● (1200)

[*English*]

I want to deal with the first aspect of the motion, the complexity of the Income Tax Act. The Department of National Revenue, Taxation, does not prepare nor write the Income Tax Act. The fiscal policies imbedded in the Act are the responsibility of the Department of Finance. I am sure the Parliamentary Secretary to the Minister of Finance (Mr. Fisher) will discuss that issue later today. But we in Revenue Canada, Taxation, administer that complex legislation, and it is the reason I want to comment on that issue.

Its very complexity is a cause of concern for the Department. But before just stating that the Act is complex, one has to answer the question why the Act today is so complex. The first point I want to draw to the attention of the House is that the growing complexity of the taxation of income in Canada in part reflects the growth in the complexity of our society itself. We have signs of that increased complexity first in the way we do business and the way we organize and structure our business enterprises.

These important changes have called for additions and for amendments to the Act, additions and amendments that reflect the complexity of those business structures to which I have just referred. Any member of this House who has the slightest knowledge of how those business structures have evolved will understand the impact those changes have on our fiscal system and on the provisions of the Income Tax Act, because those provisions deal with those specific changes. Any tax practitioner will give you dozens of examples of those

complex structures and of the relevant provisions of the Act that were needed to meet those new situations.

A second point in relation to the complexity of the Income Tax Act also reflects the way we organize our personal affairs. In the years when the vast majority of Canadians had an average income that was necessary to cover their needs for living, no money was left to invest and not much money was left for saving. That income covered a person's basic needs and the needs of his or her family.

The wealth in the country has increased more than significantly since the last war. I think Canadians have paid tribute for that to the different Liberal governments we have had in this country. Canadians now have bigger incomes. Canadians have money left for investment. Canadians have money left for saving. Liberal Governments have designed fiscal measures in order to alleviate the burden of taxation on those savings and on those investments so as to promote the participation of all Canadians in the development of our industry, promote the direct interest of all Canadians in the development of small business and to help Canadians prepare for a secure retirement. All those measures through the tax system contribute to added complexity in the Act.

A third reason for complexity stems from the fact that the Government has used the taxation system as a vehicle to complement our generous social security programs. I will just give an example. The present Minister of Energy, Mines and Resources (Mr. Chr tien) when he was Minister of Finance introduced the child tax credit. That measure is a significant help to those most in need in our country. However, it has added another complexity not only to the Act but to the TD-1 form which taxpayers use to file their return. I could refer to many other personal exemptions that have added to the complexity of the Act, personal exemptions for senior citizens, additional exemptions for the handicapped and many other areas.

A fourth reason for the growing complexity of the Act is the fact that the system was used as a means of delivering economic assistance programs. I think of the investment tax credit, the MURBs, accelerated depletion and research and development. I want to point out that both federal and provincial Governments have used those means through the tax system in order to help Canadian citizens and businessmen to invest and develop and strengthen our economy.

As we all know, Canada's tax system is based on a system of self-assessment. Yet because of the growing complexity of our tax laws, taxpayers experience increased difficulties in completing their returns, not only to ensure that they are complying with the laws, but also to ensure they are availing themselves of the various forms of tax relief to which they are entitled. That phenomenon is not the discovery of the century made by the Opposition. For the last few months I have had the opportunity to discuss that issue with my colleagues in caucus, with my colleagues in Cabinet, with the Minister of Finance (Mr. Lalonde), and also with practitioners all across the country.