

Income Tax Act

● (1250)

Mr. Parker: It is a free ride for the rich.

Mr. Riis: These are some of the things that the Minister of Finance forgot to include in his comments on Bill C-2.

I want to make two or three points that I think Canadians should be aware of, Mr. Speaker. At this time of year a lot of people start to be very concerned about taxes. This is the time of year when the major newspapers in Canada devote many pages to pointing out all the tax loopholes that certain Canadians will be interested in—the MURBS, the buying in of apartments and so on. This is a preoccupation with many Canadians at this time of year. Rather than spending a great deal of creative energy to find new ways of involving themselves in the country's economy, many Canadians become preoccupied with dodging taxes. The tax lawyers and tax accountants have a field day. If any area of job creation is taking off these days, it has to be those two groups as more tax loopholes are provided and as the system becomes more and more complex.

When we are dealing with the twelfth edition of the Income Tax Act, 1983, we are dealing with an Act that has become totally incomprehensible. If any tax advisers in the country, sophisticated as they may be, hold that they can advise clients because they understand the Income Tax Act, I suggest that would be a good reason for anyone to seek a new tax adviser. It is just impossible to understand the Act in its present form. A great deal of it is open to the interpretation of individuals. One individual will seek some tax advice from a member of the Finance Department and will be given a certain interpretation only to find out that it is incorrect. Although the advice may be followed and a return based on it, if it turns out to be wrong the taxpayer is at fault. We have been presented with an additional 200 pages of tax changes. We went through this in March of this year and it is likely we will see more changes next year. All this only makes the Act more incomprehensible than ever.

It is interesting to know what the Department of Finance has to say about the Income Tax Act and those who benefit from it. Not long ago it provided a guide entitled *Analysis of Federal Tax Expenditures for Individuals*. It pointed out that the average taxpayer, with an income in 1979 of between \$10,000 and \$15,000, saved on average \$771 through tax deductions. In the same year, however, a taxpayer with an income greater than \$100,000 saved an average of \$4,600 as a result of deductions. That shows what a lot of people have come to believe—that those in the upper income brackets benefit more from the various tax deductions available than those in the lower income bracket.

The Minister of Finance said that everyone would benefit from the tax changes he was introducing today. Information gleaned from his Department showed very clearly that in the tax year 1983-84, most Canadians would be subject to a tax decrease. However, that situation changes for the year 1985-86 and onwards. For example, if an individual is married and has two dependants under the age of 18 and is earning \$15,000

per year, in 1984 he will save \$6 but in 1985 he will pay an extra \$296. If his income is in the \$30,000 bracket, next year he will pay an additional \$472. In other words, people who earn more than \$7,500 will pay more income tax in the years following this one. The typical Canadian will find that his taxes increase as a result of these changes.

As we examine the Bill introduced by the Minister I think it is important that we consider what the Government is attempting to accomplish as a result of the changes and the context in which they are being introduced. By definition, the changes that are being introduced are illogical. If we have a government, such as the one we have now, that lacks vision of what the economy ought to be doing, or lacks a comprehensive, strategic economic or industrial policy, that lacks a plan for the future, then we have a government without a road map, as the Auditor General has said. Who would take a motor trip in a foreign land without a road map to find out where they have been, where they are, and more important, where they are going? But in this country today we have a driver without a road map and we have no idea where he is taking us.

Mr. Kempling: And we are running out of gas.

Mr. Riis: As the Hon. Member indicates, we are running out of gas at the same time. A government that lacks any kind of sectoral planning cannot introduce income tax reform that makes sense. All it can do is provide benefit for a handful of Canadians and perhaps achieve some rather mystical ends that only the Minister knows about. It is obvious who benefits under this illogical approach to tax reform. A very select number of Canadians benefit. The only economic logic in this is the trickle-down theory. The main beneficiaries are the small group of elite, upper income Canadians.

Mr. Speaker, it is close to one o'clock, so I look forward to returning to my comments later.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being one o'clock, I do now leave the Chair until two o'clock this afternoon.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.