

Adjournment Debate

that prior to calling it 6 o'clock the motion as amended will be accepted.

The Acting Speaker (Mr. Paproski): Shall the motion, as amended, carry?

Some Hon. Members: Agreed.

Motion, as amended, agreed to.

PROCEEDINGS ON ADJOURNMENT MOTION

[English]

A motion to adjourn the House under Standing Order 46 deemed to have been made.

INCOME TAX—INTRODUCTION OF MINIMUM TAX

Mr. Alan Redway (York East): Mr. Speaker, during the last election campaign many concerns were pointed out to me. However, one of the major concerns was the question of fairness of our income tax system. While many people were concerned about the complexity of the income tax system, the key concern relating to income tax was one of fairness and whether or not everyone paid some income tax. The real issue revolves around the concern that some high-income earners are not paying any income tax at all.

● (1800)

The Department of National Revenue, in its statistics, pointed out that some 5,500 people earning \$50,000 or more per year paid no income tax whatsoever. In addition, it pointed out that even more than 5,500 people earning \$50,000 per year paid 10 per cent or less of their income in income tax.

There are those people who feel there is nothing wrong, that there are good and legitimate reasons for high-income earners not paying income tax. They point out, for example, those people who make charitable donations which go toward good purposes. There are other reasons for people not paying income tax, the dividend tax credit being one. That provision is in the Income Tax Act to encourage Canadians to invest in taxable Canadian corporations. The provision respecting contributions to RRSPs is included in the Income Tax Act to encourage people to contribute to their own retirement, not to rely solely on the state to provide their pensions. Business and farm losses are deductible from income and result in no income tax being paid. Of course there is a very valid social reason, the fact that many people have to pay support payments to former spouses, separated spouses or children living separate and apart from them.

Notwithstanding these legitimate reasons, most people are concerned about the fact that some people do not pay income tax while the vast majority, probably earning less money, have

to pay a very substantial proportion of their income in taxes to the Government. They feel that this is unfair and that perhaps they should be looking for ways of getting around having to pay any taxes. Of course there is potential for income tax cheating and for the creation of an underground economy where people deal in cash or deal in trading kind for kind so that there will be no income to report or taxes to pay.

As a result of the concern about high-income earners paying very little or no income tax, there was the great debate of the last election campaign when the Leaders of all three political Parties expressed their concerns about it. Most Canadians were pleased when the then Leader of the Official Opposition, the Prime Minister (Mr. Mulroney), indicated that he was in favour of bringing in a minimum income tax. In fact, he said that it should be a very handsome tax to be paid by large-income earners who were paying very little or no income tax.

There was a good deal of disappointment when, on May 23, the Minister of Finance (Mr. Wilson) did not introduce a minimum income tax. Of course, while he did introduce one to take effect immediately, he indicating that there would be a minimum income tax to take effect on January 1, 1986. At the same time the Minister released a discussion paper outlining certain alternatives for such a tax. There were three alternatives outlined in that discussion paper.

● (1805)

The first, as you will remember, Mr. Speaker, was the alternative minimum tax, which would involve two calculations of one's income tax, with the larger amount representing the taxes payable.

The second alternative was the add-on minimum tax, which would see an amount added where the taxes payable fall short of a certain level. In those instances where no taxes are payable, a minimum tax would be applied.

The third alternative would see a limit placed on the tax deductions available. Under that option, the full lump sum of deductions would not be available to taxpayers. Rather, only a portion of the tax deductions that we now have would be allowed.

In one of these ways there would be a minimum tax paid, but its form was a matter left open for discussion and decision.

Since that time the Minister of Finance has consulted with the provinces, and apparently all of the provinces are agreed that there should be a minimum tax. The question remaining has to do with its form and the income level at which it will commence. Will it be the \$30,000 level as it the case under the American system, or the \$50,000 level that the NDP has suggested?

I am hoping that tonight we will hear from the Parliamentary Secretary to the President of the Privy Council (Mr. Dick) the details of this minimum tax and exactly when it will be announced. But realistically, Mr. Speaker—and I see him shaking his head in the negative—I know that that is not going to happen; that probably we will just hear, "In due course, it will be announced".