

banks to be directors of corporations. Now I am receiving representations from corporations that do not like this provision. I am always open to suggestions and will look at new ways to open up society as much as we can and to make sure there is a minimum of conflict of interest in society, but it is not easy to achieve this.

● (2022)

Mr. Alexander: You are all heart.

Mr. Chrétien: I am doing my best and I will certainly look into the suggestion of the hon. member. I do not know if it will serve any very good purpose, as the hon. member thinks it will.

Mr. Neil: Before we recessed for supper, Mr. Chairman, the minister indicated that perhaps some of us on this side were panicking as a result of receiving correspondence from credit unions in our constituencies. I would like to associate myself with the comments of the hon. member for Winnipeg North and the hon. member for Provencher regarding the present amendments in respect of RRSPs. On June 12 the hon. member for Dauphin asked the Minister of Finance a question regarding the taxation of RRSPs and the minister said it was his understanding that, as far as RRSPs are concerned, there is no change at all.

In the course of the debate this afternoon the minister indicated that there had in fact been some changes in taxation of RRSPs. I find this very interesting because the credit unions and other organizations—

Mr. Chrétien: Just for clarification, Mr. Chairman, I agree with the hon. member that I said as far as I knew there were no changes. I said that in reply to his colleague, the hon. member for Dauphin, on June 12. That was on the basis of what I knew at that time. It came to my memory when I had to reply in the House that there was obviously a change, in relation to when the money is transferred to what I called a third party, but just in this case.

Mr. Neil: Mr. Chairman, it is interesting to note that the concern expressed in the letters we have received from credit unions is in regard to uncertainty as far as taxation is concerned. Let me read a paragraph of a letter from one of these credit unions. It is as follows:

Also, the proposals make a basic change in the conditions under which people entered this savings program.

The problem as I see it is that people make investments and participate in plans on the basis of rules and regulations set out by the taxation department, and there must be some certainty as far as taxation is concerned. A short time ago I had occasion to speak with a tax expert who said that the most important thing as far as taxation is concerned is certainty. If you have a situation in which the tax laws are changed from year to year, you cannot plan your affairs. This is the concern of the credit unions; there is no certainty. People invest in plans on the basis of the future.

Today we have some proposed changes regarding taxation, and this is what concerns me. The minister has said there has

been a difference in tax in relation to what happens at the death of a participant of the plan. I would like to ask the minister whether when a participant individual dies the present value of the plan is considered as "rights or things"? The minister is a lawyer and probably has handled numerous estates. For example, in respect of the Wheat Board there are rights and things for which you file a separate return because there are exemptions. Under these circumstances, is an individual entitled to claim the present value of a plan as "rights or things"?

Mr. Chrétien: No.

Mr. Neil: Am I correct in saying you have to add the present value to your income in the year of death?

Mr. Chrétien: Yes.

Mr. McKenzie: Mr. Chairman, I hope the minister is a little more co-operative tonight after turning down my motion this afternoon calling for a little assistance with the terrible beer shortage we have in Manitoba. He would not relax his labelling practices or the excise tax and the people of Manitoba remember that sort of thing. There seems to be considerable concern on the part of quite a few credit unions across the country about this amendment. The credit unions pointed out the following in a letter I received:

We urge you to maintain the flexibility in tax options now available to our members who become entitled to RRSP funds after a planholder's death. In particular the option to purchase an income averaging annuity and the right of the recipient to pay income tax on the amounts received. This is of particular importance to recipients in the low income tax bracket.

I was not here this afternoon so I did not hear whether the minister gave an explanation. Perhaps he has had second thoughts since this afternoon and can now indicate whether the government has any plans or amendments.

Mr. Chrétien: Yes, Mr. Chairman, I gave an explanation of that point, and I suggest that the hon. member read *Hansard* tomorrow.

Mr. McKenzie: In view of the minister's answer, is he prepared to do anything in respect of the request? I am sure he has been receiving these letters from credit unions across the country. Does he have some response to their requests? This letter points out:

Under current rules, it is the recipient of the RRSP funds who is taxed when the planholder dies. It is now proposed to include the RRSP funds on the planholder's final income tax return.

This means taxes could be even more severe than if the planholder had withdrawn the funds in a lump sum before he died, since such items as salary, capital gains and accrued investment income must be reported on the same return.

The letter goes into some detail to point out that the taxes being levied are extremely high, and then states:

Consider the case of a single parent (and tax law does not recognize common law marriages, so this may be a person who is separated or divorced but again living in a family situation) who dies on December 31 of a year in which salary amounted to \$15,000. An RRSP worth \$25,000 is left to two children under 16 years of age and not working.