

Income Tax Act

this Government is pursuing with a great deal of vigour and which I hope will be supported by the Opposition Parties in the course of this debate.

● (1150)

[English]

Mr. Blenkarn: I rise on a point of order. I realize it is not required, but would the Minister answer some questions with respect to matters set out in his speech?

The Acting Speaker (Mr. Corbin): That would have to be done with the unanimous consent of the House and the Minister's approval. Is it agreed?

Some Hon. Members: Agreed.

Mr. Blenkarn: Mr. Speaker, the Minister spoke about tax simplification. This Bill creates new kinds of corporate tax, Part VII tax and Part VIII tax, and has a rather complicated system of allowing investors to take advantage of investment tax credits. Consequently, those investment tax credits are likely to be used up in reduced taxation. In view of the fact that the Minister intends to allow investment tax credits to be used, why did the Minister not simply have a refundable system for investment tax credits, or research and development tax credits for that matter, rather than go through the hassle of having the brokers, the investment counsellors, and the huge numbers of tax lawyers and accountants involved in the system? Why did he not just have a system of refundable credit? He is, in effect, in every case, creating the possibility of a refundable credit.

Mr. Lalonde: Mr. Speaker, as I have stated, we will have an opportunity to discuss these particular issues in detail when we are addressing the Bill at committee stage. We can then speak about various provisions in great detail. Indeed, we had very much in mind the fact that a large number of corporations, particularly small corporations, and also small corporations in the research and development field that start with two or three bright fellows getting together and initiating a new product or trying to develop a new product, do not have profits and are not expected to have profits for a few years. We have tried to take steps to encourage them to stimulate new equity investment, to bring new people who would be ready to invest into that field.

To achieve this objective we have provided means that did not exist before whereby they can transfer a good part of the accumulated tax credits that they cannot claim against profits that they do not have to individuals who will invest. That does not require the advice of a lot of accountants and lawyers. A business person who has a reasonable knowledge of the process should be able to achieve this. Obviously, if you want to issue shares and expand your firm, you will require and seek some professional advice, whether you have tax credits or not. Firms do this every day. We have tried to make the system as simple as we could.

As I indicated, we have considered these proposals which are before the House today in the light of extensive consulta-

tions with the firms concerned. I have sent my officials around to visit the small research and development firms, for instance, to sit down with them and ask them what their problems were and how we could help them to grow and expand. We have done the same thing with small businesses and larger businesses as far as tax credits are concerned. The results of those consultations are now before you. They are measures which have the support of the private sector, measures which they themselves say they can deal with, administer and benefit from.

As I have said, I am afraid the Income Tax Act will always remain a pretty complex piece of legislation. Apart from the ISIP itself, which is new and complex, I do not believe the other measures are of such complexity that they will create problems. As I have said, in the course of our consultations we have received advice from the private sector firms themselves indicating that they were satisfied with the regime we were proposing.

Hon. John C. Crosbie (St. John's West): Mr. Speaker, I suppose one should get used to it, but I cannot get used—

The Acting Speaker (Mr. Corbin): Order please. The Hon. Member for Duvernay (Mr. Demers) rises on a point of order.

[Translation]

Mr. Demers: Mr. Speaker, I have a question, and I think I should ask it before the Hon. Member begins his speech.

The Acting Speaker (Mr. Corbin): Order, please. The Standing Orders do not provide for a period of questions, comments and answers during the first three speeches of the leading party spokesmen. Questions and answers may be directed to other speakers who are entitled to 20-minute speeches, but the Standing Orders do not allow it at this time. However, the Hon. Member could have sought unanimous consent, but he should have done so before the Hon. Member for St. John's West (Mr. Crosbie) began his speech.

Mr. Demers: Mr. Speaker—

[English]

Mr. Crosbie: Mr. Speaker, the House will go into Committee of the Whole and questions can be asked then. As I was saying, Mr. Speaker, I suppose we get used to being disappointed—

The Acting Speaker (Mr. Corbin): Order. Again I apologize to the Hon. Member for St. John's West. The Hon. Member for Duvernay is asking to be recognized on a point of order.

[Translation]

As I have explained to the Hon. Member—I am afraid he rose a bit late since the Chair had recognized the Hon. Member for St. John's West who has already begun his speech. It is not proper to interrupt him at this time, and I would ask the Hon. Member to resume his seat when the occupant of the Chair is standing.