Government Orders

This whole concept is to put a trust law in place *vis-à-vis* capital gains that is identical to the trust law or the law in place with respect to capital gains made by ordinary individuals.

It has been said that there are a lot of trusts outstanding that have been outstanding since prior to 1971. Well most of those have been wound up but there are some still outstanding. The statute will prevent any roll overs of those trusts and make sure that on the first generation removed from the settlor or testator, those trusts pay capital gains tax and for that purpose they have an extension. The capital gains tax they will pay will be the same capital gains tax you and I would pay if we had something we had given to us or inherited or bought prior to January 1, 1972. We would pay the gain from January 1, 1972 to the date of our sale or our death.

There is no tax sheltering or hiding here. There is no loophole here. We are cleaning up a very difficult situation for people who are planning the affairs of their families and trying to look after their children by giving them assets they cannot sell or dispose of during their lives. When those children die then the trust will be wound up or forced to pay the capital gains tax on any gain. This, I repeat, is not a scheme to try to defraud the revenue or cheat on revenue or save or eliminate tax. This is strictly a statute provision designed to clean up what is a legal nightmare for a great number of people right now.

● (1235)

It is to clean up the problems so that those in future who create these trusts will know the rules and we will impose these rules on existing trusts. There is nothing to be gained here by getting nasty about it. We are going to have witnesses and hold hearings on the matter.

I have been asked to make a motion before I sit down. Madam Speaker, I think you will find unanimous consent to refer Bill C-92 to the Standing Committee on Finance instead of to a legislative committee.

Madam Deputy Speaker: The House has heard the motion as presented by the hon. member. Is there unanimous consent?

Some hon. members: Agreed.

Madam Deputy Speaker: So ordered.

Motion agreed to.

Mr. David Kilgour (Edmonton Southeast): Madam Speaker, I wonder if the member would tell us how many trusts are involved, what the size of these trusts is and what is the exposure of the treasury if this bill is passed.

As the member from Newfoundland indicated earlier it is not people who worry about the end of the month who are interested in this bill. It is people who, and perhaps the member can give us some facts and figures to show otherwise, have large amounts of money which they want to pass on to their children who are interested in this bill.

I wonder if he could tell us something about the nature of the people or the assets of the people who are asking for this bill to be passed.

Mr. Blenkarn: Madam Speaker, the detail of what is anticipated to be affected by this bill will be set forth fully in committee. We certainly will have witnesses on that.

In my experience as a practising lawyer I can say that generally the people we are talking about are not necessarily wealthy. They are often people who have a member of the family who is not competent to handle their affairs. They want that member of their family and their kids to have a house.

They buy a house and put the house in trust with a provision to make sure there is money to keep the taxes up so that family member will have that house for his or her lifetime. The family member cannot mortgage it and cannot sell it. He or she cannot do a damn thing except live in it, and usually on certain terms and conditions of maintenance. That is the kind of thing that happens.

We have here a provision concerning the capital gain that would be then payable on that house, because it would be a trust house and would not be a private dwelling house owned by a homeowner. It would be owned by the trust. The capital gain on that house would have to be paid when the death of the family member for whom the trust was set up occurred.