

down on him, because if someone does not pay his taxes, you and I will have to pay them. If there is a shortage of revenues because someone has deliberately cheated on his income tax, as a result all of us will have to pay higher taxes.

Obviously, it is always possible to find specific cases where an official of the Department of National Revenue has overreacted. No one is perfect, either in the Department of National Revenue, the Department of Finance or any other department. There can be cases of abuse. I can see by the look on his face that Mr. Short is getting cross with me. Obviously, the Taxation Division is just about perfect, but perfection is quite rare! However, what we must all remember is that our taxation system is based on the willingness of individual taxpayers to make a voluntary statement of all their income.

Complications arise when someone forgets or neglects to show part of his income. It is also quite obvious that the more complexity to a business or the more sources of income, the more chances there are for a taxpayer to forget something and for the officials of Revenue Canada to discover these mistakes and send out notices. I do not question the fact that there can be regrettable cases, but I believe that, as a general rule, if everyone would observe the spirit of the Income Tax Act and make a complete statement without forgetting or neglecting anything, like we used to do when we went to confession, such problems would not occur.

● (1700)

[English]

**Mr. Mayer:** Mr. Chairman, I should like very briefly to ask the minister a specific question which may not be within his jurisdiction. The other night I dealt with the possibility of the department proceeding with some reassessment of income tax on the basis of deemed income to an individual. I do not want to get into the details because the minister understands the situation. If there is to be some reassessment based on deemed income, can the minister assure us that individuals will be allowed to go back and amend their tax returns, so that there will be some deemed expense on the other side, or an offsetting expense, to cover it?

I know of individuals who incorporated on the basis of reasons other than avoiding taxation. They did it for the purposes of estate planning, dividing up assets among family members or whatever; they did not incorporate to avoid taxes. But when they are subjected to a reassessment only on the basis of deemed income, rather than their corporations being allowed a deemed expense, it seems to be a very serious breach of what the hon. member for Calgary Centre referred to, and I would like some assurance that there will be equality on each side in so far as income and expenses are concerned. It would go a long way toward alleviating our concerns about Section 69 of the Income Tax Act.

[Translation]

**Mr. Bussières:** Mr. Chairman, this comes under the authority of my colleague, the Minister of National Revenue, but I

am told that when it is not a case of tax evasion, the current practice is to allow amendments to the tax return that was submitted earlier. I would suggest that the hon. member get in touch with my colleague, the Minister of National Revenue, to indicate his concerns. But my information is that the current practice is to allow that procedure which the hon. member mentioned except, of course, in obvious cases of fraud or evasion.

[English]

**Mr. Riis:** Mr. Chairman, after listening with interest to the remarks of previous speakers, I am moved to make a comment regarding the taxation system and the fact that one member will stand and indicate how the tax people are harassing good citizens and another member will indicate that our good citizens are misleading the tax department, and so on. One must ask where we are moving in a country which has, as its basis, a voluntary declaration taxation system, as the minister indicated, which assumes that people are honest and straightforward. It is the basic philosophy behind the collection of taxes.

In the next couple of months it will become virtually a national preoccupation of many Canadians to beat the tax man and to take advantage of every conceivable loophole. To fill out a simple tax form now requires the assistance of an accountant. Every year we add to the sections of the Income Tax Act, which makes it somewhat more complicated. Perhaps some loopholes are closed, but often in closing those loopholes others are opened up. People involved in the financial world today, particularly when it comes to accounting and taxation, are becoming very puzzled. The result is that a small but ever-increasing army of bureaucrats monitor the abuses of people in the system; it challenges these people even more.

What is at the root of this almost misdirection or this preoccupation with avoiding taxes? It must be said that the feeling of many Canadians is that the tax system is unjust. Many Canadians do not pay their fair share, while others bear the burden. We would be hardpressed if we spoke from our hearts in this chamber this afternoon and said that that is not the case.

When I tour the plants in my riding, particularly at this time of year, I find people are complaining about the taxes they will pay to the federal government. They are anxious to "beat the system". Perhaps one of the reasons for this is how their taxes are being spent and the feeling that the best use is not always being made of their taxes. This leads to more willingness to abuse the system.

I should like to leave that point by indicating that this willingness is caused by what appears to be a very unjust system which favours some groups in society at the expense of others, and by the recognition that one's tax money is not always going in what could be classed as a beneficiary direction. The end result is that it begins to stagger the mind. How many revisions can there be to the Income Tax Act? How thick can that document get before the entire system breaks down?