

*Income Tax Act*

calendar year would begin to pay its tax for 1968 in May, 1968 and complete its payments in April, 1969. As a result of the proposed change such a company will pay its 1968 tax in the ten-month period from May, 1968 to February, 1969. Any further amount necessary to bring instalments based on estimates of tax into line with actual tax liability will be due in March, 1969. For 1969 and subsequent years the payment period for such a company will run from March to the following February with any adjustment based on actual tax liability being due in March. If I may describe the change in general terms, for 1969 and subsequent years the payment period will run from the third month of a corporation's fiscal year to the second month of the following fiscal year with any adjustment based on actual tax liability being due in the third month.

There seems to be some scepticism about the bringing forward of payments. I might remind hon. members that when individuals were put on a pay as you go basis some time in 1942 the process was completed by forgiving individuals a part of their tax liability so that they did not have to pay the extra amount of money. We are not forgiving the corporations; we are requiring them to catch up and bring their payments up to a more current basis. In the process we receive an extra \$340 million which we never lose because the corporations will continue to be on the new basis and in the next year will pay as much in the form of taxes as in the past. The only way in which a corporation may avoid that extra liability is by going out of business. This is a permanent addition of \$340 million to our revenue. To be fair to the house, because it is never my intention to mislead it I should say that this is not a continuing permanent \$340 million a year. It is a once for all additional payment of \$340 million and it is never recoverable by the corporations.

**Mr. Peters:** If they were brought up to date would the amount increase by two and a half times?

**Mr. Sharp:** Yes. This would bring the corporations on to the same basis as individuals. It is something in the order of \$150 million a month for each month we bring it forward. We decided that the effect upon the liquidity of the corporations should not be too great considering the need to promote business expansion and otherwise encourage business

corporations to make investments for the purpose of creating new employment. So we decided on a two month advance for this year, which involves a substantial amount for the corporations to raise in addition to the regular amount of their taxes.

**Mr. Leboe:** I still think, Mr. Chairman, that this is just like daylight saving time. I should like the minister to go back to the second question I asked. How is the word "temporary" defined. It seems to me that "temporary" is an elusive word and that all legislation is temporary. There is no permanent legislation. I should like the minister to explain what is meant by the word "temporary" and how it is defined in the bill.

**Mr. Sharp:** Mr. Chairman, It is very difficult to define the word "temporary". Perhaps I should say that my aim is to be a temporary minister of finance at the present time. It is very difficult to say whether or not I will attain this aim. Temporarily this is my aim. I understand to some extent the difficulty the committee is having in respect of this section. We did not feel that we could impose a terminal date without creating other difficulties. We did wish to indicate by the heading, however, that the government does not look upon this as a permanent part of our taxation structure. Therefore we use the heading "Temporary Surtax". With that heading I believe there is a clear indication to the public and to parliament that this tax is not intended to be a permanent part of our taxation structure.

**Mr. Schreyer:** Is it the minister's intention that the tax would last no longer than his position in the Department of Finance?

• (4:10 p.m.)

**Mr. Howard:** Mr. Chairman, I wish to congratulate the minister on his ability to channel the debate in the direction he desired rather than dealing with the substance of the matters raised. The minister objected to some comments I made earlier. I did not say, however, what the minister claims. Obviously he misunderstood me or has deliberately misrepresented my remarks. I suggested that he did something deliberately. I gladly withdraw that remark as I would not want to be misunderstood as suggesting that the minister or this government ever did anything deliberately. Most things they do they do by accident or because of circumstances.

Having listened to what the minister said, particularly in respect of what I am supposed