ing surrounding land, which cost him $10,000 in 1972 and which is worth $35,000 at the date of his death in 1980, he will be deemed to have disposed of his property immediately before his death for $35,000, resulting in the realization of a capital gain of $25,000, one half of which, or $12,500, will have to be included in computing his income for the year in which he died.

Mr. Nielsen: The only thing that is left to tax is the corpse.

Mr. Dinsdale: Also if, under his will, an individual leaves to a charitable organization a fully rented factory building or apartment building which might be used for a senior citizens home, for example, which cost him $400,000 in 1972 and which at the time of his death in 1980 had an undepreciated capital cost of $200,000 and a fair market value of $700,000, he will be deemed to have disposed of the property for $450,000 immediately before his death. This will result in the addition to his income of the whole $200,000 of capital cost allowances taken during his lifetime and, in addition, he will be treated as having realized a capital gain of $50,000, one half of which, or $25,000, will also be required to be included in his income. We are speaking about inanimate property.

I am afraid, Mr. Chairman, that my time is running out. If we were to use the legal terminology, namely, inter vivos—I think that is the proper legal term, as I think some of my lawyer colleagues will agree—and make charitable gifts by way of inter vivos, the position would be even more serious.

Mr. Nielsen: It would be reductio ad absurdum.

Mr. Dinsdale: I am sure the minister will appreciate this. Let me give another example quickly. Paragraph 69(1)(b) provides that where a taxpayer has disposed of anything to any person by way of gift inter vivos, he is deemed to have disposed of it at its fair market value at that time.

As will be seen briefly, Mr. Chairman, from the foregoing examples, the income tax amending bill has created entirely new and onerous tax liabilities in respect of charitable bequests. Even though the legislation in paragraph 110(1)(a) specifically mentions that there are new allowances for charitable organizations which are considerably more generous, the government is giving with the one hand and taking away with the other, which I suggest is fundamentally inconsistent and indicates the sort of confusion that has gone into the gobbledygook that constitutes a good part of this voluminous bill.

To bring evidence before the committee this afternoon in order to show that the government is acting contrary to some recommendations coming from the minority report of Commissioner A. Emile Beauvais of the Royal Commission on Taxation, contrary to recommendations which came from the Senate Committee on Banking, Trade and Commerce and contrary to recommendations made by the Standing Committee of the House of Commons on Finance, Trade and Economic Affairs, may I quote briefly, beginning with a quotation from the minority report of Commissioner A. Emile Beauvais, to be found at page 55 of volume 1. He was critical of a similar proposal in the majority report of the commission and stated:

According to the Report, when a gift was made of an item of property that had appreciated in value, a capital gain would be deemed to be realized and would be taxable. This might prevent many taxpayers from making gifts to universities, museums, etc. of valuable property that was not readily saleable, for example, an art collection. In such cases, I would not support this recommendation.

In the report of the House of Commons Standing Committee on Finance, Trade and Economic Affairs with respect to the white paper on tax reform, the committee recommended as follows at page 19:

To encourage gifts of works of art, manuscripts, scientific collections and so on, to public institutions, we also recommend an extension of Section 27(1)(b) of the Income Tax Act (which provides for deductions of gifts to Her Majesty in the right of Canada or a province) to include gifts to other Canadian public institutions which normally hold such objects for exhibition, study or research. We also recommend that capital gains tax provisions not apply with respect to such gifts.

Again, the report of the Senate Committee on Banking, Trade and Commerce reads as follows at page 61:

With respect to gifts of property to museums and other charitable organizations, the Committee wishes to retain to the extent possible incentives for the continuation of such gifts, while at the same time, not permitting taxpayers an unfair use of such donations for the purpose of realizing tax benefits not basically contemplated by the taxing statute. On balance, therefore, your Committee came to the conclusion that there should be no capital gains tax imposed on gifts of property to museums, universities or charitable organizations, but that a taxpayer not be permitted to deduct in the computation of his income a greater amount under Section 27(1)(a) of the present Income Tax Act than the cost (or value on Valuation Day) to him of the asset donated.

The legislation that I have referred to briefly, and unfortunately there is not time for me to pursue the matter further, flies in the face of the recommendations contained in the minority report of Commissioner Beauvais, of the recommendation of the Senate Committee and of the recommendation of the House of Commons Committee on these matters. I cannot believe, Mr. Chairman, that the government deliberately wants to discourage the greater participation of the people of Canada in the very necessary charitable activities of this kind. Any of us who are connected with universities today—I see we have the Chancellor of Brandon University with us; I happen to sit on the board of that university—are conscious of the rising costs of education, and these provisions are having a negative effect on the generosity of the public. In the United States, they make provision for generous assistance from the estates of people who have the wherewithal to make a worth-while contribution in money, property or some other assets which may be left in the will.

I hope I have convinced the parliamentary secretary, who has been listening most attentively while talking to his colleagues, that here the government is guilty. He represents the minister at this time. The government is guilty of confusion and contradiction within the very framework of the legislation itself, I could go on if there were time at my disposal, and give many, many other examples of the sort of confusion that exists in the legislation.

We have tried, those of us who are on this side of the House, to convince the government that this is not the time to be fiddling around while Rome burns. I think the Leader of the Opposition put it in these terms: you should not be shingling the roof when the house is burning down.