

Income Tax Act

nessman's cash flow at a time when he can ill afford it. There should have been a lower level below which these taxes would not have applied. Every small businessman puts his cash flow back into his business, whether he is a farmer, storekeeper or restaurateur. That is where the money goes. It is not cash in the bank. It is not available for the Government to milk the cow even further. The money is there and is needed. An additional tax burden is not necessary.

I want to cite an inequity in the farming community. I wish the Minister of Agriculture (Mr. Whelan) would present this case. If a farmer is in need of an additional income and if he happens to be a tradesman practising his profession, if he earns enough to be taxable, it makes no difference how much he lost in his farm organization. He is still taxed for the full income earned while working off the farm.

This is in contrast with any incorporated company which, by virtue of its size and business, did not make a good profit and therefore had to add another string to the bow to try to sweeten the pot. If the company is brought into a profitable position by undertaking another endeavour in the incorporated structure, the company is not taxed on that additional endeavour. Whatever is lost in the other endeavours will be of no significance. That does not apply in the case of the bona fide farmer. I am not talking about the millionaire who owns a hobby farm from which he expects no income but expects to spend money. I am talking about the guy who wants to farm.

One of my friends has been so assaulted by the income tax group. They have gone back over a three-year period. Every cent he earned, he put back into his farm. He does not have that money because he paid farm bills. He will be taxed on the income he earned outside the farm while he was paying the bills he accrued in earlier years while farming.

This does not apply to the company, but it does apply to the fisherman. If a fisherman earns more at his casual or off-season work than he earns while fishing, if he has expense fishing and loses money, he is taxed on his outside earnings with no protection against the moneys he has lost in a poor season. That is not right. It is a classification of people in an unfair and improper way. When people want to pay their bills, they should have the chance. I wish I had had the 20 minutes to which I was entitled before the exaggerated question period and kerfuffle took place here, because there are several instances I want to cite from personal experience.

A tradesman in my constituency got tired of wandering all over Canada to practice his trade. For five years he established himself in a small business which he thought would be self-sustaining. He thought he could stay at home. When his job came to an end, he retired and returned to his former home and started to operate his business. What happened? There was a five-year review of his tax structure and he was asked for \$25,000. He does not have \$25,000. He could not sell his assets for \$25,000, yet it would be a self-sustaining structure. There is something wrong when a man cannot invest in his future without being taxed backwards. Give the man a chance.

Above all, we need a new Act for our farmers, fishermen and small businessmen. The present Act has so many interpre-

tive possibilities that no one knows what his tax will be, no matter how carefully he files. Whether it be the largest corporation or the smallest company in Canada, they all have to answer the same questions and provide the same information. An individual has to answer virtually all the same questions, however not with the volumes of substantiating documentation. Size no longer makes a difference. The ability to afford the representation makes no difference.

Since the change in the location of the National Revenue office to Newfoundland, there is no way you can get reasonable treatment in a prompt fashion from that structure of National Revenue. A friend called this morning to tell me that he wrote to the Newfoundland Department in March. He received a reply in late June, by which time he had already been penalized. This Department has to pull up its socks. I wish I could have had the 20 minutes I should have had. I hope the gentleman who denied me that opportunity will enjoy whatever time is allotted to him.

Mr. Dan Heap (Spadina): Mr. Speaker, I am sorry that the rules, the way they have been used, have hindered the Hon. Member who just spoke, but since it was his colleagues who helped to abuse them, he should talk to them.

This is the kind of tax plan we could expect from the Tory Party, even though the Liberal Government is delivering it. It is in effect Reaganomics. It follows the principle of soaking the poor to provide socialism for the rich. It is not only unfair, but it is a continuation of the kind of policy that is destroying our economy.

To highlight the unfairness, in 1981 there were 239 people who earned more than \$250,000 but paid no tax. Over 8,000 people earning over \$50,000 paid no tax. This is a continuation of a process that went on for 30 years. In 1950, people in the highest tax bracket paid tax at the rate of 84 per cent. By 1981, that had been cut to 50 per cent. In other words, the trend for 30 years has been to tax the low and middle-income people more and the high-income people less.

In this Budget we have tax changes which by the Government's accounting will increase personal income tax by \$3.5 billion in the next four years. This will come mostly from middle and low-income taxpayers, not high-income taxpayers.

Tax changes will bring corporation taxes down by almost \$2.7 billion. Those tax benefits will go mostly to large corporations, not small business. Not only is this extremely unfair, it is the trickle-up theory rather than the trickle down theory that the Party opposite has espoused for 30 or 40 years in words, not in actions, and it is contributing heavily to the recent recession and the difficulty of recovering from it. It is justified on the argument that this kind of piling up of wealth among the few on the poverty of the many creates jobs. That is not believed by anyone on the street.

In 1957, personal income tax accounted for 27 per cent of the Government's revenue, and corporation income tax accounted for 25 per cent, almost dollar for dollar. By 1983 the split was 48 per cent from personal income tax and only 12 per cent from corporation tax. In other words, in those years