



Communiqué



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The hypocrisy of taxing income trusts

By Ian Knight, former CHP Deputy Leader & candidate

When I heard Finance Minister Flaherty's comments in support of taxing income trusts, I was so disturbed that I felt I must comment. His remarks reflect either a naivety concerning how tax funds are generated, or a cynicism that ordinary citizens won't understand, and therefore think he is defending their best interests.

The quote I heard was "allowing income trusts to defer paying taxes, shifts the burden of taxation on to the shoulders of ordinary taxpayers."

My immediate reaction was to ask: "Where do you think the corporations get the money to pay their taxes?... From their customers—who are ordinary taxpayers!"

The tragedy in Mr. Flaherty's insistence on taxing income trusts is that the trusts, in obtaining the funds from "ordinary taxpayers", will do so in the form of product pricing which always includes a percentage added on for corporate taxes, further inflating the burden "ordinary taxpayers" have to bear.

Every cash trail ends with money in the hands of an "ordinary taxpayer", or the government; but the longer the money is allowed to remain out of the hands of the government, the more good it will do for the economy.

Mr. Flaherty should leave the money in the income trusts, and let it serve the economy the way it was designed to.

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This commentary first appeared as a LETTER TO THE EDITOR in the Newmarket Era-Banner