

Mr. HARRIS (Danforth): And the rate of tax should be reduced.

Mr. GIBSON: It would be very difficult to do that. There would have to be separate tables of deductions for men who work one day a week, other tables for men who work two days a week, three days a week, and so on. The man is taxable in the long run only on what he earns throughout the year, and if we deducted from his daily or weekly pay more than the amount he was called upon to pay at the end of the year, we should have to make refunds in the end. Consequently the table of tax deductions has been worked out, having regard to what the man will be called upon to pay throughout the year. The suggestion that we deduct at a higher rate for men who are absent on certain days of the week would mean that we would have to make a refund to those men at the end of the year.

There was also the suggestion that these tax deductions have a great effect upon absenteeism. We do not gather that from the Department of Labour. The opinion that has been expressed by them is that tax deductions at the source are not a great factor in causing absenteeism.

My hon. friend suggests taxing at a daily rate. He suggests that a man who works four days a week pays a tax of \$2.77 a week. But if the deductions were on a daily basis he would pay considerably more. The deduction would be, in that case, at the rate of \$3.32 a week. I doubt very much if the difference would be sufficient to discourage a man from working an extra day if he was inclined to do so otherwise.

Mr. HARRIS (Danforth): The minister has not answered my question to my satisfaction. I will limit it to this one day that the man remains off duty, the sixth day, on which, according to the table of deductions, he has to pay a tax of \$2.64 for working on that particular day, whereas for the other five days of the week he pays only \$2.13. I am of opinion that the honest employee who works on that sixth day, who works a full week, should not find himself taxed five times as much for working on that sixth day as he finds himself taxed on any one of the previous five days. The taxation for that sixth day, that overage or overtime, should be reduced. It is not fair to the employee who puts in full time to penalize him for working that sixth day by deducting from his pay one-half of that day's earnings, whereas on the previous five days he pays the regular amount. In other words, when he works the full six days he pays five times as much taxation on the

sixth day as on any one of the five previous days, while his mate at the next bench who absents himself on that day does not have to pay the same amount of taxation. I quite agree with the minister that when the man works the sixth day, while he has to pay \$2.64 in taxation for working that day, he has \$2.36 more in his pay envelope than his mate at the next bench who did not work on that day. But it is not much compensation to the honest employee who works a full week, that his partner lays off and absents himself on the sixth day. There should be some method worked into this taxation system which would not tend to encourage absenteeism, would not tend to encourage blocks of men saying—to take the case of shift workers—"We shall work only six days because when we work the seventh day half of our pay is taken in the form of taxation." A weak effort was made by the Department of National Revenue to overcome the situation by suggesting that the employer should, when he found employees were absenting themselves, deduct on a daily basis. But there is nothing mandatory about that clause, and no employer of labour will take it on himself to carry out that regulation under such circumstances. I am sure that the experience of the department is that very few employers anywhere are paying any attention to this suggestion which came out in its memorandum to employers.

I appeal to the administration to give some thought to reducing the income tax on employees who work full time, and also on employees who work overtime. Let the others bear the portion of the tax which they should in fairness bear under the present system.

Mr. ROSS (Souris): I wish to add a word to what the hon. member for Danforth has already said. In these difficult times absenteeism is having a serious effect on the nation as a whole. I know of a coal firm in Winnipeg who, last September, were behind in their orders to the extent of over a thousand carloads of coal, and I believe that this firm made representations to the government that on account of the income tax regulations it was difficult to get the miners to work the last day of the week. I know that this firm still had many orders unfulfilled two months after this date in September, and they tell me it was the result of difficulties about getting the miners to work the last day of the week because they felt they were penalized for so doing. I believe the same sentiments are prevalent in many important industrial plants throughout the country, and I think the minister should give serious consideration to this fact.