

Income Tax Act

If in another province the first option were adopted—and we shall take the province of Ontario, because at the moment in Ontario there is no contributory system of health or hospitalization insurance—say in Ontario under the first option the taxpayer could claim in full the amount of the Blue Cross plan or any similar plan. That might be \$50 to \$80, perhaps, depending on the type of plan he chooses; whereas the taxpayer in Saskatchewan might have a charge of \$10 to \$12 to \$15 which could be proven—

Mr. Campbell: There is no land tax.

Mr. Harris: I beg your pardon. It is collected through the municipal corporation.

Mr. Campbell: It is education tax and hospital tax.

Mr. Harris: Quite so. The taxpayer in British Columbia would not be able to prove any sum at all. Not being a resident of British Columbia I could not say definitely about this, but it is not likely that claims under the Blue Cross in that province would be equal to those, for instance, in the province of Ontario. It must therefore be obvious to hon. members that even if the hon. members who moved the amendment to this motion have something in mind by way of relief for the taxpayer, they are adopting a method which, if I may say so with respect, would require a good deal of refinement before it could be effective in a manner that a taxing law ought to be effective.

The situation with respect to deduction for medical expenses is comparatively simple. As everyone knows, the taxpayer whose medical expenses exceed 3 per cent of his income may deduct the excess. Three per cent may or may not be the average expense of the average resident in Canada; it is probably somewhere about the average expense. It seems to me that the motion and the amendment would in effect say that the federal treasury should permit a deduction about equivalent to the cost of medical services to the average taxpayer in Canada. I take it that is probably the intention of the mover and seconder of the resolution. But let me point out that however difficult it may be for taxpayers generally to meet their medical bills and their taxes at the same time, it would be unusual to say that this particular type of personal expense should be exempt in addition to all others.

As everyone knows, the exemptions are more generous in Canada than anywhere else, I believe. At any rate, I made that statement last year—I think it was in the budget address, Mr. Speaker—and I do not recall anyone suggesting that I was wrong. The

[Mr. Harris.]

exemptions granted under the income tax law are intended to provide not by any means an estimate of the cost of living of a single person or of a married man with a family, but a general exemption to cover the normal expenditures that we think we can allow from the standpoint of the needs of the treasury and of the taxpayer. This type of expenditure is, of course, included in that exemption by way of computation.

The hon. member for Greenwood spoke of extremely heavy costs and, as I understood him, he said he felt that those ought to be given special consideration. They are, of course, given special consideration. If one has an extremely costly medical experience during the year it will in fact run over 3 per cent, and will then be deductible for tax purposes.

Of course it depends upon the income of the taxpayer as to how much of that expense is borne by the public treasury. We, of course, have people of modest income who have heavy expenses, just as we have persons of average or higher than average income who have medical expenses in that extraordinary range as well. But if we accept the 3 per cent figure as an average—though I am going to say that at the moment I do not quite understand how this motion would fit in with the 3 per cent—as I understand it the purpose here is that there would be an option to deduct the contribution to a medical scheme or the contribution to a provincial government medical scheme of some kind.

It may be noted that these contributions are made either to a co-operative association or to a private association in the business of providing insurance against these particular expenses. It is to be supposed that even in the case of the co-operatives they are trying to keep their income about equal to their outgo plus the cost of administration, with perhaps a margin for reserve, but not a great deal in that respect.

The profit organizations, on the other hand, would probably try to get their income high enough to include their outgo, their administrative costs and a profit to boot. But let us suppose that these organizations, on the whole, do not charge much more than the cost of doing business. It will be seen then that if we allow as a deduction the contributions to those organizations, we are in fact allowing the deduction of the medical costs of people throughout Canada in that particular year. While some hon. members would still feel that ought to be so, I suggest it is not possible to make it so at the present time, at least under our income tax laws.

Mr. Trainor: Do you think competition would look after that?