

Income Tax Act

parents. I would ask the minister whether he would take into consideration the granting of some deductions to parents who are keeping this class of citizen. I should like to have an answer to my suggestion.

Mr. Abbott: The act at the present time in section 25, subsection 1 (c), provides that deductions may be made for every child over 21 years of age who is dependent by reason of mental or physical infirmity. These conditions have to be established. If a taxpayer has a child who is completely incapacitated because of blindness and who is thirty or forty years of age, a deduction may be claimed for that child in the same way as it may for a completely dependent infant.

Mr. Knowles: It is unnecessary for me to say how much I welcome the part of section 3 of this bill which re-establishes the right of trade unionists to deduct their dues for income tax purposes. I shall not take any time to go over the history of the matter in past sessions, for it is a matter of record. I am pleased that this action is being taken.

When we were discussing the matter at the resolution stage I expressed some concern lest the definition of trade union dues might not be completely satisfactory. At that time the minister was good enough to say that he would be pleased to receive any suggestions when we reached this stage of the bill. I must respond to the attitude of the minister expressed at that time by stating that to a very large extent I find the definition of trade union dues satisfactory. I will have to qualify that by saying there are one or two aspects of the definition that I want to get clear in my mind. I think the minister's wording in the bill is at least moving in the right direction.

First of all in the new subsection 10 (d) (i) we are told that a trade union is as defined, and I quote:

(i) by paragraph (r) of subsection (1) of section 2 of the Industrial Relations and Disputes Investigation Act, or

(ii) in any provincial statute providing for the investigation, conciliation or settlement of industrial disputes.

I think it would be appropriate for me to put on the record at this point what that definition of a trade union is, as it appears in the national labour code. The definitions in the provincial labour codes are similar. By turning to section 2, subsection 1, paragraph (r), of the federal statute, we find:

(r) "trade union" or "union" means any organization of employees formed for the purpose of regulating relations between employers and employees but shall not include an employer-dominated organization.

[Mr. Sinnott.]

Well, that is good. That definition of a trade union is completely acceptable to the trade union movement, and it excludes what are sometimes referred to as company unions. So far so good; but when we get down a little further in the section we do find a couple of qualifications. One of them is a qualification that eliminates that portion of union dues which is levied for or under a superannuation fund or plan, or for or under a fund or plan for annuities, insurance or similar benefits. I know that the minister may reply to me by saying that in some cases the portion of union dues that is levied for a pension fund is covered by another section in the Income Tax Act. That is true. Section 11 (1) (g), which the present amending bill does not seem to touch so far as I can ascertain, says:

Not exceeding in the aggregate \$900 in the year, if retained by his employer from his remuneration for or under the fund or plan in respect of services rendered in the year or paid into or under the fund or plan by the taxpayer as part of his dues for the year as a member of a trade union.

I did not read all of the parts that connect that subsection to the rest of the section, but the effect of it is that if part of a trade unionist's dues is for a superannuation plan, and if that plan has been approved as a proper pension plan, approved by the Department of National Revenue, then that portion of union dues which is a contribution to a superannuation plan is allowed. I see the minister nodding his head, and that indicates that I am stating the position correctly thus far. In other words, it adds up to this, that in a case where a trade unionist's dues are in part dues for the general operating expenses of the union, and in part for a superannuation plan, he may get all of them allowed if the part for a superannuation plan is paid into a plan that has been approved by the Minister of National Revenue. If that plan is one that has not been approved by the Minister of National Revenue that portion of his dues will not be allowed as a deduction for income tax purposes.

I am going to come back to that in a moment, because there is an aspect to it that I want to discuss with the minister; but before going into it further I think I should raise a question about paragraph (c) of the new subsection 12, which reads:

For any other purpose not directly related to the ordinary operating expenses of the association or trade union to which they were paid.

The effect of that is to say that it is only that portion of trade union dues which is used for purposes directly related to the ordinary operating expenses of the trade union that will be allowed. The question that is in my mind as a result of that qualification