

*Income Tax*

increased from \$1,000 to \$2,000, 100 per cent, but for employment expenses the increase is only 66 per cent. As you know, Mr. Speaker, people have been able to claim a maximum of \$150 since the taxation year of 1972. Starting with 1977, it will be \$250. As I suggested to the former Minister of Finance when I rose in the budget debate I would have thought that the deduction might be higher than \$250 because since 1972, Mr. Chairman, for a person using public transport fares went up a few times and for a person using his car to go to work, the cost of registration as well as car insurance, fuel and repairs have gone up. For tradesmen, the purchase of tools costs a lot more in 1977 than it did in 1972. The same goes for the purchase of books for professionals employed by the federal government, the provinces or municipalities or in the private sector. These cost more. But for the businessman, for the self-employed professional, if I may put it that way, he may claim those amounts at present cost. So my recommendation to the minister is as follows: I hope if the minister cannot increase the deduction immediately, when he introduces his next budget he will use a heavier pencil and the amount of \$250 will be increased.

For instance, Mr. Chairman, any Quebecker may get up to \$500. I hope the Minister of Finance will consider my remarks when preparing his next budget.

**Mr. Chrétien:** Mr. Chairman, I certainly will consider as always the remarks made by my good friend the hon. member for Gatineau, who has been serving us with such loyalty, and for such a number of years on the Committee on Finance, Trade and Economic Affairs. I would simply point out to the hon. member that this item will cost the treasury an extra \$115 million for this year alone, and that in addition, employees have been granted by the spring budget and in the mini budget of this fall an extra \$50 for each child; we also established automatic indexing of income tax, with exemptions being automatically increased 7.2 per cent. For the months of January and February next, we will be giving small and medium income earners an extra \$100 tax reduction. I appreciate my hon. friend's generosity, but the treasury has its limitations.

**Mr. Clermont:** Mr. Chairman, this has nothing to do with generosity. It is only a matter of fairness, not only to small and medium income earners, but also to all wage and salary earners. So to me it is a question of being fair rather than generous.

**Mr. Chrétien:** Mr. Chairman, when preparing a budget we attempt to remember the kinds of measures to be used, and I know that the hon. member in his assessment keeps in mind the other tax exemption proposals made in other areas in the spring budget and the mini budget of this fall. Moreover, I would point out that this increase from \$150 to \$250 exceeds the inflation growth for the period referred to by the hon. member. This is costing \$115 million.

[Mr. Clermont.]

**Mr. Clermont:** If this is the case, Mr. Chairman, the same percentage should have been used for capital losses. Instead of 100 per cent, you should have proposed 66 per cent.

[English]

**Mr. Epp:** Mr. Chairman, I would like to address my remarks and questions to the Minister of Finance. My questions are in a similar vein to those asked by the hon. member for Gatineau.

● (2122)

I want to relate a specific incident which I have mentioned to the minister's predecessor as well as to former ministers of national revenue. I do not believe the \$250 is adequate as an employment expense deduction. For example, there are people working on the TransCanada Pipeline where it goes through a provincial park in which a pumping station is located, but because of the regulation that employees cannot reside in the provincial park they are forced to commute to work from outside. With increasing transportation costs I feel the \$250 is not adequate, and I have written to the minister to this effect. I know this is a specific case, but I should like to know if there is any inclination on the part of the minister or the department to consider that where a pump station is located in a provincial park, employees should be allowed for the increased expense of commuting to the job. I believe, at best, the situation is unfair and, at worst, it militates against people taking such employment.

**Mr. Chrétien:** Mr. Chairman, I am sympathetic to the hon. member's request, but I think if we go into special personal problems like that under the Income Tax Act we will become involved in very complicated control problems. Many of those expenses are controlled by the individual, but we decided on a blanket exemption. Of course some people benefit more than others, but it would be an administrative nightmare to become involved in specific cases. As hon. members know, we deal with more than 10 million individual taxpayers so it would be extremely difficult to control. I am aware of this kind of problem in other circumstances but I do not think we can give more accommodation than in the present format.

**Mr. Epp:** Mr. Chairman, I recognize the minister's answer because it is almost a carbon copy of what he writes. The provincial parks and national parks encompass large areas and I hope the minister will re-examine the question in the next budget. It is not a specific case, as the minister might want to imply this evening.

I should now like to ask the minister what provision there is for the cost of purchase of metric tools.

**Mr. Chrétien:** Mr. Chairman, I think metric tools will have to come within that allowance. There is no specific allowance that I know of. I am told there is exemption from sales tax but not according to this clause.

**Mr. Nystrom:** Mr. Chairman, on that point I might say I believe there is a separate program. As I recall it came up