

ALTERNATIVE SUGGESTIONS

4.1 In common with most other Canadians, we believe that the present income tax law is deficient in many respects and that some amendments are warranted. For this reason, we agree in principle with many of the changes proposed in the White Paper including:

1. The broadening of the tax base to include in income such items as unemployment insurance benefits and salaries of exchange teachers;
2. The allowance of more liberal deductions for employed persons and of child care expenses;
3. The elimination of the special benefits now available to members of the armed forces;
4. The reduction of the top marginal rate of personal income tax to approximately 50%;
5. The proposed changes in the taxation of co-operatives, caisses populaires, credit unions and non-profit organizations; and
6. The allowance of a deduction for such of the so-called "nothings" as underwriting expenses, discounts on the issue of bonds and transfer taxes.

4.2 Each of these changes would add to the fairness of the tax system although it is noted that the Government may not have been entirely consistent in some of these areas. For example, there appears to be no valid reason for including unemployment insurance benefits in the tax base and at the same time failing to include items such as family allowances, strike pay and workmen's compensation pay. Similarly, it is difficult to understand the Government's rationale in taxing the investment income of non-profit organizations which are now exempt from