

power of that group of our citizens generally has declined quite noticeably, his proposition is not going to be of very much value to that class of people.

While the hon. member did refer to some of the history of this particular feature of our income tax law, certain features were not put on the record that I think deserve to be. I would remind hon. members that this provision was introduced in 1942, when taxation was extremely high compared with taxation at the present time. I only need to remind hon. members that in 1942 the personal exemption of a single person was \$660 while today it is \$1,000 and the exemption of a married man was \$1,200 while today it is \$2,000.

As the hon. member says, other conditions are not the same as they were then. The floor that we have under discussion at the moment was reduced in 1944 from 5 per cent as it originally stood to 4 per cent, and in 1953 to 3 per cent. I might say that in particular the reduction made in 1944 from 5 per cent to 4 per cent was made in the knowledge that many people felt the original plan was inadequate, particularly in so far as the allowance for drugs was concerned. It was realized how difficult it would be administratively to examine all the vouchers that might be presented with respect to the purchase of drugs if drugs in a very broad way were subject to an allowance under this provision. The minister of finance of that day made it quite clear that the reduction from 5 per cent to 4 per cent was in a very substantial measure motivated by an attempt to take this point into consideration.

We had some evidence last year in the United States that there is difficulty in dealing with all types of medical expenses, if small claims that can be advanced for drugs are eligible. It is my understanding that prior to last year the United States definition of medical expenses was sufficiently broad that great number of claims were possible for drug items, and that this involved a heavy administrative load. Consequently, while last year they made their floor provision similar to ours at 3 per cent rather than 5 per cent and in some respects more generous, in so far as drugs were concerned they imposed last year a new condition stipulating that drug claims would not be considered unless they exceeded 1 per cent of the income of the taxpayer.

Then the ceilings on total allowable medical expenses have also been very substantially increased with respect to income tax deductions. When introduced the ceiling for a single man was \$400 and for a married man \$600. With several increases that have

been made since 1942 the present ceiling is not \$2,000 for a married man, as has been stated this afternoon, but \$2,000 plus \$500 for each child or dependent up to a maximum of four dependents, which means a maximum for a married man with four dependents of \$4,000.

**Mrs. Fairclough:** Let me point out that is what I said.

**Mr. Benidickson:** It was perhaps quoted elsewhere as \$2,000. Then there is not a complete understanding of the provision introduced since 1942 which placed in the law an allowance of \$500 where there is chronic illness or blindness and an attendant is required. That is now one of the important items of medical expenses allowable.

Hon. members know that, basically, under our Income Tax Act there is a general personal exemption which, in the case of a single man, is \$1,000 and in the case of a married man is \$2,000 with additional exemptions for children and other dependents. It is considered that this general personal exemption which applies to all taxpayers has included in it various items of usual expense that taxpayers are bound to meet. If they are not met in one year, they will be met eventually. It is considered that in addition to at least something for shelter and food, there is represented in this personal exemption some consideration for other ordinary, usual expenses such as fairly normal medical expenses. We all know that practically every taxpayer and his wife have to go to the dentist once or twice each year, and their children have to do likewise. Most taxpayers are not so fortunate that they do not have to call a doctor once or twice a year.

Let us consider the average income earner of \$3,000 a year. It is true that under the present income tax stipulation that taxpayer would not be permitted to claim deduction on income tax with respect to medical expenses unless they amounted to 3 per cent of his income, or \$90. It may be that many people pay \$90 as a sort of normal or usual or unavoidable medical expense or overhead. I am not for one moment, any more than I did last year, suggesting that that expense is insignificant for anyone, or that it is inconsequential. But there may be a difference between that and saying that it spells tragedy.

On the other hand if the expense of that taxpayer was \$125, or \$150 or perhaps \$500—and, as someone has said, sickness is something that is not invited—such expenditures may very well spell extraordinary hardship and tragedy. In those circumstances this provision of the law comes into force and is extremely helpful.