

Income Tax Act

owning their own homes in this day and age when it seems they must pay taxes to everyone.

I do not intend to continue at length because much has been said about these sections and there has been a great deal of repetition. It seems to be illusory to some extent to talk about exemptions of \$1,500 and \$2,850 being of great benefit. Certainly this is a substantial benefit, but it is not good enough. In view of present concepts of income, many taxpayers who will be taken off the tax rolls this year will be right back on them before too long, paying more taxes than ever.

In conclusion, it is rather obvious that tax revenue has to come from somewhere. In all sincerity, the place to get the revenue is from taxpayers in the higher income brackets, giving the lower income people a break even though it is at the expense of those a little more fortunate. I should not like to see corporations taxed more heavily; I should like to see the tax rate on corporations lowered still further. The business community and the corporations must create the impetus if we are to generate economic activity in this country permitting it to grow and develop without undue reliance on foreign capital.

Mr. Ritchie: Mr. Chairman, I should like to say a few words about the 3 per cent rule in respect of medical expenses. I agree with the hon. member for Fraser Valley West who suggested this figure should be reduced. The 3 per cent rule was adopted a long time ago when incomes were much lower and 3 per cent was considerably less, relatively, than it is now. There are other reasons why this rule should be reduced. At the present time almost everyone has hospital and medical expenses covered by insurance for which they pay premiums. I have no argument against this system, and I am sure the 3 per cent rule applies in respect of an extremely small number of taxpayers.

There are some people who have legitimate expenses and substantial costs which are not covered. At this time we have vast increases in medicare, hospital and general welfare services. We must have some control in this regard. One way to meet the situation is to have citizens spend some of their own money to obtain medical and hospital services. Many people cannot obtain these services at times convenient to them and some will leave the country to obtain them elsewhere. It is a fact that our institutions are being overloaded and that this overloading will substantially increase. If there is any way in which citizens would pay for some of their expenses I think we as a country would be much better off.

• (5:40 p.m.)

The parliamentary secretary was kind enough to give me an answer in respect of the nursing home situation. I believe the department should look at this aspect of the matter. In my province of Manitoba and, I believe, in other provinces, nursing homes are rigidly licensed and regulated and nearly all admissions are under the control of the public health department. No one, whether a paying or non-paying patient, is admitted without the sanction of the public health officials. In effect, this means that admission to a nursing home is by means of a government official.

I am not sure of the figure, but I believe that approximately 90 per cent of the persons in nursing homes in my province are there as guests of the state. In other words, they do not have sufficient funds to pay for their care, which amounts to \$400, \$500 or \$600 a month. Only a small number pay their own way. There would seem to be unfairness in this regard. Last night I detailed the case of a 100-year old woman whose old age pension plus a pension from her deceased son just equalled the cost of her stay in the nursing home. On top of that she had to pay income tax. This deprived her of the extras she might have had and meant that her family in effect had to pay her income tax.

Then there are people who find their life's savings being chewed up in order to pay for their care in nursing homes, whereas 90 per cent of the citizens receive it gratis. It would seem that this is an area in which something should be done. It affects a relatively small number of people. There would seem to be unfairness in the income tax regulations in this regard.

Finally, I should like to make a comment or two in respect of section 110(1)(c)(iii) which refers to medical practitioners, dentists and nurses. Here, again, it would seem that this provision could be broadened to include all members in the health field who are licensed in the province in which they operate so that whatever payments are made to them could be deducted in computing income tax. It would seem that in some professions which are licensed to carry on health disciplines, payments made are not deductible in the same way as payments to a medical practitioner, a dentist or a nurse. In this area it would seem that an anomaly exists and I thought the matter should be raised.

Mr. Skoberg: Mr. Chairman, I should like to raise a further question in respect of funeral expenses. When the Minister of Finance was here he said that the Canada Pension Plan would pay part of this cost. I am sure the parliamentary secretary would agree that people who are covered by the Canada Pension Plan are covered, but it is those who are not covered by the plan that we are concerned about. In fact, some people will not be covered in so far as funeral expenses are concerned. Therefore, could the parliamentary secretary or his officials give an undertaking that they will look at this area which is of concern to many people?

Mr. Mahoney: I think I can indeed give an assurance that we will look into it. I know the minister was here when the hon. member raised the question and is certainly well aware of the interest, as I am, and representations of members from other corners of the House. The general philosophical question of what deductions from income which are not related to earning the income should be allowed for various other good reasons is a tough one. There are many good causes, many unavoidable expenses and many occasions in the lives and deaths of people which result in expenditures which one cannot regard with anything but a great deal of sympathy. Yet if we were to extend the deductions from income tax into these areas we would be open to some serious question.

The question raised by the hon. member for Central Nova regarding home ownership and the possibility of deducting mortgage interest and property taxes of course