

Income Tax Act

[English]

It was about ten years ago, in December, 1970, when the report of the Royal Commission on the Status of Women in Canada was tabled in this House, condemning discrimination in the Income Tax Act against spouses, more accurately against wives, who work in family businesses such as farms and neighbourhood stores. During these past ten years women's groups across the country have repeatedly requested an amendment to the Income Tax Act in order to permit the deduction of salary paid by husbands to wives as a legitimate expense for what is called unincorporated small business.

[Translation]

If I may, Mr. Speaker, I would particularly like to recall the very strong representations made by the association féminine d'éducation et d'action sociale, formerly Quebec's Catholic union of rural women, which under the dynamic guidance of Mrs. Dominique Goudreault of Nicolet had then changed its name and set for itself a vocation of feminism in support of women who had spent years looking after others. So in recent years the association established a work committee specifically for its 35,000 members, those who are in partnership with their husband in a small family business. I think it is accurate to say that roughly one third of those women are in agricultural undertakings, one third work in businesses of every description, and one third in what is known as small businesses such as corner stores, tobacco stores, grocery stores.

Nearly four years ago—I believe it was in the spring of 1977 when I was holding the national revenue portfolio—representatives of the association came to see me to explain in detail the injustice they suffer under our income tax laws because they could not deduct from operating expenses the salary that their husbands would pay them or their contributions to such social programs as unemployment insurance, the Canada Pension Plan, the Quebec Pension Plan and so on. They were right, and since social changes do not occur overnight by any means, we had to wait until today to see at last the results of that feminine movement which has gained support from so many others throughout the country.

[English]

Bill C-54, therefore, answers this call for more justice for women who work for their husbands in small family businesses. It acknowledges in concrete dollar terms the contribution of wives who work in these small enterprises, such as family farms, or family stores in cities. It is another example of this government's commitment to improve the status of women in Canada.

One aspect in the bill gives me particular pleasure, both because of my present position as Minister of National Health and Welfare and because of my past association with the royal commission. Wives will now be able to participate for the first time in the Canada Pension Plan, which comes about as a result of a consequential amendment to the Canada Pension Plan contained in this bill. In effect, the adoption of the proposed changes will make the salaries paid to wives for

employment in unincorporated family businesses pensionable earnings for the purposes of the Canada Pension Plan.

In other words, wives will now be able to participate in their own right in the Canada Pension Plan, just like all other salaried workers in Canada. They will be guaranteed a full pension on retirement and they can protect their families against dangers of disability or death.

[Translation]

It is important to note, Mr. Speaker, that I am referring here to compulsory and not to voluntary participation. Whenever the owner of a non-incorporated business declares in his operating costs the salary paid to a spouse, for income tax purposes, he must automatically deduct from that salary contributions to the Canada Pension Plan. As in the case of any other payment made to the Canada Pension Plan, the employer, that is the husband, must also pay to the plan a further contribution equivalent to that of his employee.

According to the estimates drawn by the department, such an amendment, which is an improvement and a mere act of justice, would affect approximately 375,000 Canadian women who from now on will be contributing to the Canada Pension Plan. The parallel amendment announced by the Quebec government for the Quebec pension board would add approximately 125,000 contributors for a grand total of half a million Canadian women who will henceforth be in a position to contribute through their employers, that is their husbands, to public pension plans, something which they could not do previously. I am sure that all members from all sides of the House have some of them in their constituencies, because these women are employed in corner stores, and convenience stores in larger cities and in tobacco shops and grocery stores in towns and villages, or on family farms. This may also affect the wives of fishermen who have set up small businesses. Truly unfair conditions will thus be corrected.

I remember that when I was minister of national revenue, my officials, faced with this feminist activism from usually very placid quarters, had said to me, "The only way we can deal with this unfair situation is for these small family businesses to incorporate." To this suggestion, women would retort, I think, most appropriately, "This is a way of life which we are eager to protect, a way of working for a couple of children who could not support an army of accountants, managers, administrators, and so forth. We want to protect a way of life with a minimum of paperwork and bureaucratic interference. That is the reason we cannot and will not incorporate. We want to maintain a family flavour to our businesses. I am very glad to see that our so-called system has adapted to these people instead of the other way around. I might add that—

● (1530)

[English]

Mr. Lambert: It is ten years behind the time.