

Income Tax Act

like to point out that this request was not made only to the federal government but also to the provincial governments as well. This afternoon I contacted the appropriate department in Quebec city and was told that Bill C-65 will allow voluntary firemen to deduct from their income tax all income they earned in the exercise of their duties. As citizens who may at one time need help from those people, we should do that much for them because we know that we may need their services one day.

Mr. Gaston Clermont (Gatineau): Mr. Speaker, I welcome this opportunity to speak on the motion put by the hon. member for Villeneuve (Mr. Caouette), which reads:

That, in the opinion of this House, the government should consider the advisability of amending the Income Tax Act in order to exclude from taxable income all indemnities received by a voluntary fireman in the exercise of his duties, as well as to allow such firemen to deduct from their income all expenses incurred in the exercise of their duties.

Mr. Speaker, administering the Income Tax Act is a major challenge to the government, which is responsible for collecting revenues in a just and fair way and also for adapting the fiscal system to this country's changing economic needs. At the income tax level, the government tries to ensure fair distribution of the fiscal burden according to each taxpayer's ability to pay, with proper deduction of the individual's expenses to the extent allowed by his earnings.

Where a deduction results in alleviating the fiscal burden of the individuals directly involved, it weighs down that of other taxpayers that do not benefit but must pay the cost.

Mr. Speaker, the government has been constantly striving, even before the fiscal reform, to maintain and strengthen the principle of general, universal and fair administration of the Income Tax Act. However, due to certain economic circumstances and social changes, the government had to entertain exceptions. The eighteenth report of the Standing Committee of Finance, Trade and Economic Affairs on the white paper concerning fiscal reform, published October 5, 1970, had this to say and I quote:

● (1722)

In the committee's view, not only equity but common sense prescribes that exceptions to the ability-to-pay measure, should be made only where a case is clearly made on general economic or compassionate grounds and widely accepted by other taxpayers, who will bear relatively more tax as a result of such exceptions.

I am referring to page 10 of the said report, Mr. Speaker. Moreover, the report finds a relevant difference between the government's point of view and that of the taxpayers about the equity of the fiscal system, a difference which often gives rise to lively discussions. For the reasons stated above, the government considers this notion in a general way whereas, the taxpayers found their general conclusions on their personal cases and needs. Mr. Speaker, I would point out that what the House is interested in today, is that the \$300 tax exemption a voluntary fireman can deduct from his income for expenses and disadvantages inherent in the practice of a job, which is very important because it aims at protecting the lives and property of citizens, is in fact an exception to the general rule

[Mr. Caouette (Villeneuve).]

which says, that only income related expenses are tax deductible. The act recognizes exceptions to the rule when expenditures are incurred for the welfare of the community or of all taxpayers. The exemption for firemen falls in this category of exceptions.

Many taxpayers have argued that the government should recognize as income tax exemptions, membership fees for sports associations, fees charged for private figure skating or piano lessons, maintenance and operation costs of a snowblower. Such deduction has also been suggested in the case of the salary paid to a maid and as a form of remuneration for a housewife. Although the government recognizes the merit of these suggestions, it is clear that the public purse could not sustain such fiscal losses, Mr. Speaker, unless it could find other sources of revenue. Obviously the government cannot set up a tax system encompassing all the proposals that it receives.

That being said, I will examine the measures taken in recent years by the government with a view to lightening the tax burden of all taxpayers. Since 1974, basic exemptions, running deductions and taxation brackets are corrected each year to compensate for the rising cost of living. The index factor for 1978 will enable Canadian taxpayers to save a total of \$850 million in taxes. As previously mentioned, indexing is a taxation mechanism whose value has not yet been fully recognized. For the taxation year 1978, the personal allowance has been increased to \$2,430, the allowance for married people to \$2,120 and the deduction for old age and disability to \$1,520. The deduction—

[English]

Mr. Peters: Mr. Speaker, I rise on a point of order to draw attention to the fact that we are not discussing the Income Tax Act in general. We are discussing a motion directly related to special exemptions for firemen.

[Translation]

Mr. Clermont: I am laying the groundwork for my intervention, and the hon. member will finally see that I share the interest of the hon. member for Villeneuve (Mr. Caouette) for the work done by voluntary firemen to protect the community.

The deduction for a dependent child has gone up to \$460 if the child is under 16 and to \$840 if he is over 16. In 1973, the government granted taxpayers a 5 per cent tax cut, subject to a \$100 minimum and a \$500 maximum. In 1974, the minimum amount went up to \$150. For the 1975 taxation year, the tax credit went up to 8 per cent, subject to a \$200 minimum and a \$500 maximum. The budget of March 31, 1977, proposed an increase in the tax allowance within those limits. Thus, for the taxation year 1978, the taxpayer may deduct an additional amount of up to \$50 per dependent child under 18 residing in Canada. Moreover, for the 1978 taxation year, the government has granted a \$100 tax allowance to low and average income taxpayers, the minimum 9 per cent federal tax credit being increased from \$200 to \$300. There are more than 7,500,000 taxpayers who take advantage of this measure