

Income Tax

hon. members on this side, as demonstrated by the recent vote on the amendment?

Mr. Lumley: Mr. Chairman, as my minister stated to the hon. member for Gatineau, he is very sympathetic to any kind of representation for assistance to individuals in this country. However, in respect of this particular clause I have difficulty understanding the hon. member's position. During the second reading debate we heard the opposition refer again and again to government restraint, yet now we hear the finance critic of the opposition suggesting we should spend another \$175 million. I have some difficulty in reconciling his points of view.

Mr. Stevens: Mr. Chairman, perhaps the parliamentary secretary has his terms a little twisted. There is no spending involved in what we are proposing. It may result in a loss of revenue, that is quite correct, but if the parliamentary secretary has been following our remarks he will know we have consistently been asking for meaningful personal income tax cuts. One way in which the government could make a meaningful personal income tax cut is by increasing this expense allowance. What we are saying is that it is not good enough to simply increase the amount to compensate for the inflation this government has allowed to exist in this country; therefore, the increase should be something over \$250 to be meaningful. I have been trying to find out from the parliamentary secretary whether he has had any instruction from his minister in respect of a meaningful increase of \$300, \$350 or \$400, and instead we have been getting a lot of rhetoric.

Mr. Lumley: With all due respect, Mr. Chairman, I would suggest that \$150 million is very respectable. If one considers, in addition, the \$500 million in tax cuts in 1977-78 and \$1.2 billion in 1978-79, he will realize that these are also reasonable figures.

Mr. Orlikow: Mr. Chairman, let me come back to the so-called equity about which the parliamentary secretary talks; that is, the equity between wage and salary earners as opposed to business people and the self-employed. The hon. member suggested that business suggested that business people could only deduct expenses incurred in doing business to earn income. Let me give two illustrations of the different treatment. The parliamentary secretary talks about a salesman incurring expenses in making his sales. I am sure there must be salesmen based in Cornwall who have territories running from Cornwall to Ottawa. Such a salesman would make his calls between his home base and Ottawa in order to make sales to earn an income. In such case he can deduct his expenses for gas and oil for his car, but not similar expenses for pleasure driving on the weekend. He can certainly deduct expenses incurred in driving from Cornwall to those places on his way to Ottawa.

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I presume that if he has to stay overnight in Ottawa in order to see customers the next day, he could deduct those expenses. In comparison with that illustration of the salesman, let us consider the construction worker in Cornwall. There is no

[Mr. Stevens.]

construction going on in Cornwall, but he was able to get a job on one of the buildings which the government of Canada is erecting in Hull.

Mr. Baker (Grenville-Carleton): Under the rules now, he could not.

Mr. Orlikow: Let us assume for a moment that he could. In order to earn his living, he has to drive four days a week from Cornwall to Hull. If he drives every day from Cornwall to Hull and returns, why can he not deduct his expenses for the operation of his car which he must drive in order to earn his wages? If he decides it is too far to drive, and finds a place to stay for four nights a week in order to do his work, why can he not deduct the expense of lodgings in order to keep the job? I am not suggesting there is anything wrong with the salesman who makes deductions from his income tax for the expenses he incurs as a salesman, but I am asking the parliamentary secretary why the construction worker who lives in Cornwall is not entitled to the same treatment as the salesman.

Mr. Lumley: I do not know how many times I have had to repeat the same thing this afternoon. Let me reiterate: The Income Tax Act has never allowed expenses for personal use. They are restricted to legitimate expenses, regardless of the employment of the individual.

Mr. Orlikow: I would like the parliamentary secretary to explain to me why the Income Tax Act proposed by this government and voted and supported by this parliament which has a majority of members from his party, the Liberal party, does not allow such deductions. Where is the rationale behind the sections in the Income Tax Act which permit a businessman, such as the salesman in my illustration, to deduct his expenses, but not a construction worker? I am not saying the construction worker's expenses are not legitimate. I am talking about the legitimate expenses of the worker in Cornwall who has to drive to work to another city or has to stay overnight or stay a few nights in another city to earn his living. Why does the Income Tax Act not permit him to make the same kind of deduction, using the same principle applied to the salesman?

The Deputy Chairman: Is the House ready for the question?

Mr. Stevens: I would like to have the response of the parliamentary secretary to certain concerns that have been expressed by municipal officials in Ontario and possibly other areas in Canada who have written to the minister drawing his attention to resolutions which they have passed at their respective council meetings asking that the \$150 which is now the employee exemption be raised to \$250, if the government has its wish, be clearly applied to them, without any suggestion that they are not entitled to that allowance because of other provisions of the Income Tax Act.

Can the parliamentary secretary tell us what the government's response is to that request, which seems to be a very legitimate request in that those who are on the councils of these various municipalities feel their remuneration is extremely low and they have certain expenses going to and from