

# Canada Weekly

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## Tax relief and increased pensions highlight budget proposals

*Cuts in personal income taxes, increases in old age security pensions, war veterans' and civilian war allowances, reduction in certain import duties, and removal of luxury excise tax from cosmetics were some of the proposals laid before the House of Commons by Finance Minister John Turner in the budget he introduced on February 19.*

Mr. Turner said that his "strongly expansionary" budget was designed to reduce unemployment and inflationary pressures, and to offset the effects of past inflation; to increase real income and ensure older Canadians a fairer share of prosperity; and to contribute to a better balanced economic expansion in all parts of Canada.

The main proposals of the budget follow:

The basic exemption for all taxpayers is increased to \$1,600 from \$1,500, effective January 1, 1973. The exemption for a married couple is increased to \$3,000 from \$2,850, effective January 1, 1973. The basic federal tax is cut by 5 per cent, with a maximum reduction of \$500 and a minimum reduction of \$100, effective January 1, 1973.

These three measures have no termination date and, stated Mr. Turner, concentrate relief among those most in need. A total of some 750,000 people will be exempt from paying federal tax.

Beginning in 1974, the personal income tax system is to be indexed to end the erosion of purchasing power resulting from the interaction of inflation with the progressive tax system. This will be accomplished by raising tax brackets and increasing principal exemptions each year by an inflation factor based on the consumer price index.

### Pensions

The basic rate of old age security pension is to be increased to \$100 a month from the current rate of \$82.88, effective April 1, 1973. The combined old age security/guaranteed income supplement becomes \$170 a month for a single person and \$325 a month for a married couple.

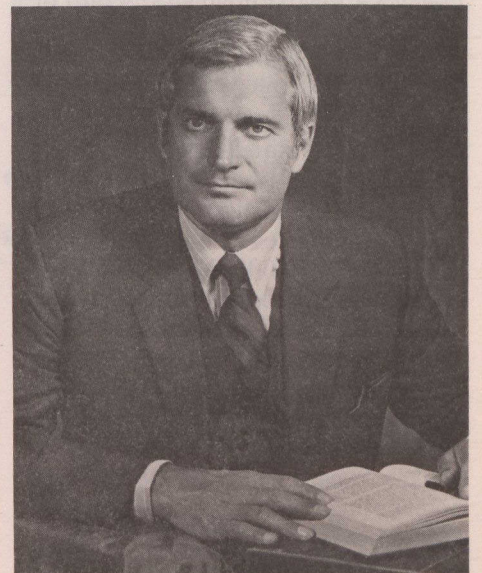
War Veterans' Allowances and Civilian War Allowances will be increased by similar amounts to a minimum of \$151 a month for single recipients and

to \$257 for married recipients, while the guaranteed income for recipients over 65 is to be raised to \$206 a month for single recipients and \$357 a month for married recipients.

### Customs duties

Temporary tariff reductions averaging 5 percentage points will be introduced immediately on about \$1.3 billion of imported consumer goods.

The cuts have been chosen to dampen upward pressure on prices without adverse impact on production and employment and are concentrated among consumer goods now facing higher-than-average duties, products in short



Mr. John Turner, Minister of Finance