

Income Tax Act

[English]

INCOME TAX ACT

SUGGESTED AMENDMENT RESPECTING FILING OF RETURNS

Mr. Mark Rose (Mission-Port Moody) moved:

That, in the opinion of this House, the government should consider the advisability of amending the Income Tax Act to provide (a) an option for spouses to file either a one family form or two single forms depending on the tax benefit (b) a trigger mechanism which would eliminate the current discrimination against single parents who wish to work outside the home instead of remaining on welfare.

He said: Mr. Speaker, some hon. members may wonder why I have chosen to speak on income tax matters while we have an income tax bill before the House. I had no idea when I submitted this motion when it would be called. While it would perhaps have qualified under the rules of order to discuss it at another time, I am pleased to have the opportunity to do so this afternoon.

Both parts of my motion arise from letters that I have received from working people who feel aggrieved by our present tax system. Other members have spoken about the difficulties in our economy and the squeeze this puts on working people. I do not intend to go into that at the moment. However, I will say that even Canada's three support systems, the family allowance, the child tax credit and the tax-saving exemption, discriminate against those working people with families on low incomes. All these measures favour high-income people, as do many of the other systems we have for transfer payments—for instance, unemployment insurance, the Canada Pension Plan, federal and provincial home owner grants, the RRSPs, and the mortgage deductibility proposal of the previous administration. If I need to document those charges, I do not think I would have any difficulty in doing so.

Both parts of my motion deal with the need for quality child-rearing in a child's formative years and with the inability of our present tax structures to deal adequately with these pressing family needs.

Dealing first with the idea of what is called a joint tax return or an aggregate tax system—in some countries an aggregate family tax system—under our present laws there can arise a situation in which one parent working and doing a lot of overtime with only one source of income for the family can pay a higher tax rate than if two parents were working and the children were in some other facility, such as child care, day care, or with a neighbour, which is the more likely case. This motion seeks to amend or relieve what I regard, as do many other people, as an unfair condition.

I have a constituent who is the only breadwinner in his family. He and his wife have decided that while the children are small it would be in their best interests for the mother to remain at home. That is their decision and I would like to underline that point. The man is employed as a switchman in one of the towns I represent. He receives what is considered an adequate wage. By working a lot of overtime shifts he has what is regarded by many as an excellent wage. However, if both husband and wife were working and their combined

income totalled the same as his income alone, there would be a substantial tax saving.

What the act does at the moment is to discriminate against those families who prefer to have the mother stay at home and the father work overtime, compared to the situation where both mother and father are working and earning the same total income as the one-earner family. I shall quote briefly from a letter I received from my constituent. He makes some not too flattering comments about politicians and talks about the overtime he works. His letter, in part, reads:

Most politicians (who on the whole are better educated and more economically secure than the average wage earner) frown at people like me, simply saying I contribute to higher unemployment—

The paragraph goes on:

Politicians then turn face and complain of the lack of Canadian productivity in the labour force and yet, because I sacrifice my time with my family and work long, hard hours, I am consistently penalized in many, many ways by the government, without ever being given any incentive to work.

Here is a man who worked 80 overtime shifts last year, yet he is saying he has no incentive to work. He must have some, so I cannot agree with him all the way on that point. His letter continues:

Actually, the true welfare bums are laughing at my stupidity in being "Joe Citizen".

He goes on to recount what he does to earn his income. I will quote a few of the things that he had to say. His letter continues:

As a family unit, my wife cannot afford to work even part-time to supplement our income (instead of my working overtime) because:

- a) her wages are much lower than mine (on my overtime)
- b) she would not be a deduction on my income tax
- c) daycare is overly expensive and negates her income.

He goes on to say how concerned he is about his own children and the strain it might be on his family with the mother working outside of the home. He goes on to say:

I pay more income tax on \$28,000 because of my overtime than would a husband and wife earning \$14,000 a year each.

He says that at his income tax rate, because he is the only one who works, he pays some \$5,800 a year with all his deductions allowed, as opposed to \$4,500 if he and his wife were making that same total aggregate amount.

He then talks about what tax write-offs there are for executives and business people earning the same amount. They have transportation allowances and various tax loopholes. I have alluded to some of them. He says these people work eight hours a day whereas he works 16 to 17 hours a day because of his limited skills. His letter continues:

I lose almost all of the child tax credit because I must work overtime. Of my 80 overtime shifts, in fact 30 of those went straight to the government in income tax. I can't get any transportation benefits.

He tells me he lives 30 miles from his job. That might have something to say for those of us who are rushing headlong to raise gas prices. He continues:

The politicians say you choose where you live in relation to your work so that's your problem, despite the low vacancy rates.