

Income Tax

move up from \$150 to \$250 is not to go up by 40 per cent, which it would be if we went up from \$150 to \$400.

Mr. Lumley: According to a rough calculation, it would be approximately \$175 million in addition to the \$115 million.

Mr. Stevens: I take it, then, that the parliamentary secretary is using the arithmetic of simply going up 1.5 times what was originally calculated. When the hon. member for Gatineau spoke on this subject on Monday, he stated that in Quebec the allowance was already \$500. I take it he was referring to the provincial allowance. Can the parliamentary secretary tell us if that is so. Is there a \$500 maximum allowance in Quebec? I would also be interested in knowing what are some typical provincial exemptions. If Quebec allows \$500, does Ontario allow less than that?

The Assistant Deputy Chairman: Order, please. I have great difficulty in finding the relevance of the hon. member's questions to the amendment before us. The hon. member is referring to provincial matters, and I see no relevance to the amendment before us.

Mr. Stevens: I will explain the relevance of my remarks, Mr. Chairman. We are saying that those who work at present are entitled, before they pay income tax, to an exemption of \$150. The government proposed that that amount be raised to \$250. A member of the Social Credit party has said that \$250 is not enough, that it should be \$400. What I want to establish, first, is how much money we are talking about. The government says that \$100 will cost \$115 million in lost revenue. Then we were told that another \$150 would likely cost approximately 150 per cent more; that is, \$170 million.

The other point is that if people are already enjoying a higher expense allowance in a province such as Quebec than we are willing to give them, it is relevant to consider what the federal authorities should be doing. What I would like identified is whether the hon. member was correct when he said on Monday that the expense allowance in Quebec is \$500. If it is, I think it is relevant in that the \$250 appears to me to be rather low, so far as the federal government is concerned, if Quebec feels the exemption should be as high as \$500. I would like to know what is the situation province by province.

Mr. Lumley: The figure with respect to Quebec is accurate, but I would like to remind the hon. member that our taxation system is entirely different. For example, Quebec does not have indexation, nor does it have deductibility for dependants.

Mr. Stevens: Did the parliamentary secretary say there is a \$500 employee exemption?

Mr. Lumley: Yes, Mr. Chairman.

Mr. Stevens: Does he know, for example, what it is in Ontario?

Mr. Lumley: All provinces, with the exception of Quebec, have the same tax collection agreement with the federal government, so far as I know—but I will check it out.

[Mr. Stevens.]

Mr. Knowles (Winnipeg North Centre): I would like to ask a question about the estimate the parliamentary secretary gave us. Frankly, I think a more relevant comparison would be between what it would cost to support this amendment and some of the concessions we are making to corporations in this tax bill. But with respect to the figure of \$170 million, compared with \$115 million, that is obviously some arithmetical stepping up. I remind the parliamentary secretary that there is a 3 per cent ceiling, and if we do raise the maximum to \$400 but leave the 3 per cent in, many workers earning \$10,000 or \$11,000 a year will not get the full \$400. So I suggest that the cost of changing that figure from \$250 to \$400 is not in the same proportion as changing it from \$150 to \$250. In other words, I think the figure would be a lot less. But in any case, we think it is a good idea.

● (1602)

Mr. Lumley: Mr. Chairman, just a slight correction, in case the hon. member misunderstood me. It is an extra \$170 million over and above the \$115 million. Obviously, I am not a mathematician. This was a very fast calculation we made, but we will try to get that figure verified.

Mr. Knowles (Winnipeg North Centre): That is exactly the point. The \$115 million was what the cost would be to go from \$150 to \$250. Now the parliamentary secretary is saying it will take another \$170 million to go from \$250 to \$400. That is in the same proportion. That would be the case if everyone was going to get it. My point is that many workers will not get the \$400 because of the 3 per cent ceiling. Therefore, the actual extra cost would be a lot less than \$170 million. I hope the parliamentary secretary's nodding will get on the record.

Mr. Lumley: As I stated earlier, we have not done a precise calculation. The hon. member could very well be right. We will try to verify this figure for him at a later time.

Mr. Crosbie: Mr. Chairman, I have a question on this clause, and if we cannot get the answer I suggest we stand this clause and go on to deal with some of the others so that we can make some progress. It is not our fault that we are being delayed on this. I have a question in connection with this clause. This clause which the government is proposing is going to apply to the nine provinces which have the federal government collecting their income tax for them. Is this clause proposed without permission from the nine provinces involved, or without consultation? Quebec collects its own tax, and the taxes of the other provinces are collected by the government of Canada. This clause will cause a loss of revenue for the nine provinces whose taxes are collected by the federal government. Did the federal government seek the consent of those nine provinces for this clause, as well as for the other changes in the income tax system?