

Recommendation

We recommend that the exemption procedure be continued at this time and that the exemption increase as proposed in the White Paper be adopted.

2.6 DEPENDANTS EXEMPTIONS*White Paper Proposals*

Remain as at present; family allowance payments remain exempt.

Comments and Recommendations

The White Paper states that the deductions for children and other dependants would be continued until the current review of Canada's social security and social development programs is completed. The Committee acknowledges the interrelationship of these programs and the tax system, and therefore **recommends continuation of childrens and other dependants' deductions at their current levels until such time as the review is completed.**

2.7-2.9 CHILD CARE EXPENSES*White Paper Proposals*

1. Deduction of costs (including boarding school and camps up to \$15 a week).
2. Maximum \$500 per child under 14, up to \$2,000 per family, but total not more than $\frac{2}{3}$ of income of parent with lower income.
3. Must be no parent at home.

Comments and Recommendations

We regard the proposal to permit deduction of child care expenses for working parents as a major innovation for the Canadian tax system and one which is long overdue.

We have already drawn attention to the need to recognize the interrelationship of social welfare programs and the tax system. Because this proposal is an innovation, it seems desirable to examine in some detail the principle on which it is based.

The first question to consider is its purpose—that is, is it meant to give relief only to the needy, where the wife works from necessity or where there is only one parent, or is it meant to make it easier for women at all income levels to work outside the home, regardless of whether this is from choice or from necessity? If the latter, there would be justification for extending the scope of the relief to cover all expenses incurred. The White Paper states the measure is considered “desirable on social as well as economic grounds”. The Committee has had difficulty in determining which of these grounds should be the principle for judging the adequacy of the proposal.

There is, of course, no question of the desirability of giving the relief to the needy. But the question of the woman who works from choice is