

Income Tax Act

Both the Canadian association of Chartered Accountants and the Canadian Bar Association have expressed themselves as finding it very difficult to understand the full meaning of the amendments which are proposed to the income tax law. In this connection, I wish to place on the record a quotation from the remarks of Mr. R. W. Bonner, vice-chairman of MacMillan and Bloedel Ltd. of Vancouver. He made these remarks while addressing a meeting of the Canadian Chamber of Commerce in Quebec City a short time ago. At that time he said:

It is an avoidable pity that the small Canadian businessman must, in addition to everything else, now learn how to do business within the terms of an all but incomprehensible Income Tax Act.

Mr. Bonner has suggested that this legislation is almost incomprehensible. I believe his view is shared certainly by the majority of the people of Canada. It is without question an extremely intricate and complicated piece of legislation. There are over 600 pages in the proposed revision. Many of the sections are phrased in language which makes them very difficult to understand. The unfortunate part of the whole situation is that if the ordinary taxpayer cannot understand the income tax legislation he must obtain, at some considerable expense to himself, professional help in preparing his income tax return. I say this places a very heavy burden on the ordinary taxpayer because he cannot afford that type of assistance. Surely, the experienced draftsmen the government has within its employ could have drafted something simpler and more easily understood. Another unfortunate circumstance so far as the complicated language of the bill is concerned is the fact that if a taxpayer does not comply with the law he is subject to very heavy penalties.

My one suggestion would be that almost immediately the Department of National Revenue, or whatever department of government is concerned, should put out an explanatory booklet written in terms which the ordinary person can understand. If a booklet which would explain the revisions to the ordinary taxpayer were available, then when the time came to prepare his income tax return under the new act it would not be necessary for him to secure professional advice. I would also suggest that if in the early stages errors are made in completing the tax returns, penalties for honest miscalculation should not be imposed. I do not think it is unfair to ask this. I realize that tax law cannot be simple. As I said before, however, I cannot make myself believe that the expert draftsmen the government has within its employ could not have drafted something less complicated than this bill.

The minister and the government are to be congratulated for taking into account the many representations which have been made by Canadian taxpayers and by members of the opposition during the extended debate in the House on the original white paper, as well as many of the representations made by members of the opposition before the committee which studied the bill. I believe the government should be commended for this.

The government would have us believe the bill represents tax reform. If one examines the bill carefully, I believe it would be difficult to reach any conclusion other than that there are very few reforms in it. In my opinion, the bill does not represent tax reform. It represents reform in some respects inasmuch as it adds to what one must report from now on in respect of one's income. For

[Mr. McQuaid.]

example, unemployment insurance benefits would be taxable. Benefits paid to people taking upgrading courses and courses in trades would be taxable. One half of capital gains would be taxable. So, there is very little in the way of major tax reform within this bill. Again I wish to quote from the comments of Mr. Bonner when he addressed the Canadian Chamber of Commerce in Quebec City:

The new tax act will certainly restrict business initiative at a most inopportune time.

That, of course, should not be. Rather than restrict business initiative, the government should be trying to devise ways and means to encourage it.

I know everybody in this House, as well as everybody throughout the country, welcomes the relief, which is being extended to those in the low income tax brackets. That is a reform which should have been made many years ago. No change has been made in personal income tax exemption since 1949, a period of 22 years. We know how the value of the Canadian dollar in the hands of purchasers has deteriorated during that time. So, it is unfortunate that the government did not see fit to increase these personal exemptions a long time ago, so that they would have been concurrent with the increase in the cost of living and thus have avoided placing such a burden on Canadian taxpayers.

An hon. Member: You could have done it when you were in office.

Mr. McQuaid: The deductions for single people have been increased to \$1,500. I would point out that, not so long ago the Economic Council of Canada said that the exemption for single persons should be \$1,900. It is too bad that the government did not see fit, when making the changes, to increase exemptions for single people to \$1,900 or even to \$2,000. Exemptions for married people, it is true, have been increased to \$2,850, but again the Economic Council of Canada said that the very minimum on which a married person can get along today is \$3,000. So, I say that it is unfortunate that the observations of the Economic Council of Canada could not have been complied with and these allowances increased accordingly.

• (12:30 p.m.)

The present allowances for dependent children are certainly out of line with the actual cost of feeding, clothing and educating a child. These exemptions could have been increased. I challenge anybody to try to feed, clothe and educate a child today on the allowed exemption of \$300 a year. Bursaries in excess of \$500 are being taxed. This is most unfair. These bursaries should not be subject to tax because we know the tremendous expense involved in sending a boy or a girl to university today, and they have to be sent to university to enable them to compete in our business world today. I think it is most unfair that bursaries in excess of \$500 should be taxable. It is also unfair that a student who obtains paid employment during the summer months should have to pay income tax on the amount he earns because he is merely trying to assist his parents in educating him. Every encouragement should be given him because, if he goes to college and graduates, he comes out a better man and has a better opportunity of contributing to the welfare of this country.