

*Income Tax Act*

**Mr. Rose:** An hon. member over there said "No". Does he want me to yield him the floor? I believe we should be considering seriously whether the 3 per cent figure should be retained. I understand the problems encountered by the minister responsible for this legislation. There are always people who will try to take advantage of any concessions. However, I do not think this is any reason we should not strive to enact the best possible kind of legislation. After all, legislation should be designed to serve the people; people are not designed to serve the legislation. If we keep this in mind it will be helpful. Instead of 3 per cent, why not 1 per cent? What is special about 3 per cent? It is simply a figure out of the air. I believe an amendment should be introduced to change this figure. I hope someone will move it. I shall not do so because there is already an amendment before the committee.

I want the parliamentary secretary to pay attention. I know that when a member speaks in the House he does pay attention and takes the representations made to him under consideration. I believe there should be provision in the bill which would allow a regional director, in the Department of National Revenue, or, if you like, a specially constituted board, to hear special cases and make provision for meeting them. If this were done, the law could be just, and anomalies could be handled with proper consideration. Most of the work which falls on me as a Member of Parliament in dealing with constituents concerns people who have run up against the stone wall of bureaucracy. They cannot get through to the decision-makers. They are stopped by the clerks at the front desks who have nothing before them but the rulebook.

I am saying nothing against our public servants when I say this. The people who meet the general public most of the time are not in decision-making roles; they can only operate on the basis of the rules before them. We want cases of the kind I have mentioned to go before someone with the power to act, the power to interpret.

• (5:30 p.m.)

I leave the committee with these two suggestions as to how to look after the anomalies hon. members have raised. We should reduce the 3 per cent rule because it is unjust. Whether we remove it or allow it to remain, we should have in the national revenue legislation a provision so a regional director will have the power of interpretation in respect of the extraordinary and special case.

**Mr. MacKay:** Mr. Chairman, I shall attempt to take a positive position in what I have to say. I think we all agree that the government is to be commended for taking this long overdue step in increasing exemptions for Canadian taxpayers. However, I realize also, as I think all hon. members do, that there is a limit above which personal exemptions cannot be raised.

The question before us is whether or not equity is being achieved for the average Canadian. I suggest, with deference, that it is not being achieved. As the hon. member for Fraser Valley West has said, I do not think that many of us here seriously doubt the good will of the Minister of Finance. Certainly I do not doubt it. I may question his forecasts and statistical bases sometimes, but I feel he has the basic welfare of the country at heart.

[Mr. Rose.]

The money required to run this country has to come from somewhere. There is no magic formula available by which we can get money, as some monetary theorists would like to suggest, such as from a printing press. I suggest, however, that something could be done. Our taxation rate schedule could be revised. I say this in all seriousness because in the lower income groups the tax increases very sharply in proportion to income, whereas in the higher income groups we find that an increase in income is not subject to the same sharp tax rate increase.

The government should take a good look at the rate schedule. Perhaps it will find that those of us who are fortunate enough to be in a higher tax bracket would not seriously object to paying a higher percentage of income tax if it were to the benefit of those Canadians who are not so fortunate. When talking about the unfairness and inadequacy of these exemptions for Canadians we are forgetting one factor. Much has been said about the cost of living increase since 1949, but other factors have come into play which did not exist in 1949, one of which is the increase in the types of tax the average Canadian must now pay.

Only recently in my own province have we had to cope with provincial sales tax. It is only fairly recently that federal sales tax has been a factor with which all Canadians must reckon in the purchase of ordinary goods and services. Municipal taxes have risen dramatically, in some cases 10 times since the early 1950s. That is the case in at least the province in which I live. These factors have not been given sufficient emphasis. The average Canadian has to pay a great deal more in over-all taxes than he did in 1949 when the St. Laurent government, in its wisdom, decided that personal exemptions of \$1,000 and \$2,000 were adequate.

Let me leave that point for a moment and associate myself with the remarks of an hon. member who spoke before me regarding the exemption of funeral expenses. I agree that benefits from the Canada Pension Plan are available and do alleviate some of the difficulty, but there are some people to whom the benefits of the Canada Pension Plan are not available. This is a fairly new scheme in our country. In all seriousness, the Minister of Finance should take another look at the possibility of permitting in specific cases the deduction of funeral expenses or at least a portion thereof.

Another area in which there seems to be some unfairness is that of municipal tax and mortgage interest payments. I think it would be worth while if the government were to consider allowing the home owner to deduct either part of his municipal taxes or a portion of his mortgage interest. If a home owner was smart enough to form a small corporation or make other arrangements he could in fact deduct mortgage interest and municipal taxes from his income. The average Canadian who owns a home cannot do so.

As a gesture, if nothing else, this would be the equitable thing to do, and it would promote the desire in everyone to own their own home if they felt they could benefit to some extent through a tax exemption. This government, rightly so, has promoted the idea that Canadians should own their own homes except in crowded urban centres. I think the government should make a tax concession for those Canadians who are struggling under the burden of