

are on such committees in future should take account of this problem, because if it is going to cause us some difficulty—as it is doing in this instance—perhaps we would be better advised to follow the regular procedure and have reports properly printed and translated, and thus relieve the chairman of the committee of finding himself in the invidious position in which he unwittingly finds himself today.

**Senator Frith:** Honourable senators, I support the honourable senator in his suggestion, namely, that in view of our experience on this occasion and on past occasions, we should consider whether we wish to continue this tradition, although admittedly the tradition would be followed only in exceptional circumstances. In the meantime, I suggest that we complete this report and then give consideration to whether we shall accept oral reports in future, for the reasons given by Senator Roblin.

**Senator Asselin:** Do you have a French version of the oral report?

**Senator Frith:** Because the report is being given orally, the translation will also be given orally.

**Senator Barrow:** Senator Roblin is quite correct. The reason we are giving an oral report is that we did not have time to translate the report into the other official language.

**Senator Asselin:** You should have taken the time to do so.

**Senator Barrow:** It was not possible.

**Indexed Security Investment Plans:** The bill introduces the Indexed Security Investment Plan, the objective of which is to exempt from tax the inflationary portion of capital gains on many publicly-traded securities of Canadian corporations. Individuals and most trusts will be able to invest in qualified securities through an ISIP effective October 1, 1983. An ISIP is a written contract between an eligible investor and an administrator of the plan. The cost of investments in the plan is indexed, based on changes in the consumer price index. An investor can either purchase new eligible securities or transfer existing securities he holds into the ISIP. The transfer of securities into an ISIP will be treated as a transaction occurring at fair market value and may trigger a capital gain or loss. The amount of a deemed capital loss that may be realized on the transfer of securities to an ISIP in a year is limited to the amount of capital gains realized on such transfers in the year. However, capital losses realized in the transfer of securities on or before December 31, 1984 may give rise to unlimited capital losses.

Gains and losses attributable to investments in an ISIP will be computed based on the indexed cost and 25 per cent of the real capital gains or losses will be recognized annually by the investor as a capital gain or loss for income tax purposes whether or not the investments are disposed of.

**Registered Home Ownership Savings Plans:** Two measures are proposed. First, eligible individuals acquiring a newly-constructed home after April 19, 1983 and before December 31, 1984 will be able to claim an additional deduction in comput-

ing their income equal to \$10,000 minus the total of all tax deductible RHOSP contributions previously made by them.

Second, in order to provide further stimulus to the economy, individuals will be permitted to withdraw all or part of their accumulated savings in RHOSPs free of tax for the purchase of new home furnishings and appliances in 1983, even though they do not purchase a new home.

**Individuals:** Several measures are contained in the bill affecting individuals, the general thrust of which is to assist taxpayers in lower income brackets. First, the employment expense deduction will be increased from 3 per cent of employment income with a maximum of \$500 to 20 per cent of employment income with a maximum of \$500. Second, with respect to child care expenses, the maximum deduction available will be increased from \$4,000 to \$8,000 and the limit per child from \$1,000 to \$2,000. There will be no more indexation for dependents under 18 years of age.

The child tax credit was temporarily raised by the June 28, 1982 budget from \$293 to \$343. The credit will remain at \$343 for 1983 and will be fully indexed for subsequent years. The income threshold will remain at its 1982 level of \$26,330 for 1983 and following years.

The optional \$100 deduction, instead of deducting charitable donations and medical expenses, will be repealed.

The federal tax credit will be reduced from \$200 to \$100 for 1985 and \$50 for subsequent years. It will also be reduced starting in 1984 by 10 per cent of the amount by which an individual's tax otherwise payable exceeds \$6,000.

**Overseas Employment Tax Credit:** Individuals resident in Canada but employed abroad for more than six consecutive months are entitled to a deduction from income equal to the lesser of \$50,000 and 50 per cent of income earned outside Canada. The bill proposes that they be entitled to a deduction from tax equal to 80 per cent of the tax otherwise payable up to \$100,000 of income earned outside Canada.

**Aviation Turbine Fuel:** Bill C-139, which received first reading on December 7, 1982, introduced measures requiring fuel suppliers to include in their income for tax purposes a deemed amount in respect of aviation fuel sold for international transportation. In its report to the Senate dated March 16, 1983, your committee expressed grave concerns with respect to this proposal. Your committee is pleased to report that this measure has been repealed.

The committee has reviewed the matters set forth in the Order of Reference in accordance with its terms of reference and has no comment to make at this time.