

Income Tax Act

comings in this part, you can count on it that he will underline those as well.

The second item I wish to refer to is found on pages 18 and 19. I am looking at subsection 11(10) of section 8—that ought to confuse you, Mr. Chairman. It has to do with trade union dues being allowed as an income tax exemption. I confess that despite the reasonable amount of homework I have done on this bill, I have not checked to see whether the wording here is exactly the same as it was in the previous act. My concern—and at this point it is a question—is whether the wording that we now have will permit as a deduction for income tax purposes the full amount of dues that a trade union member has to pay to maintain his membership in a trade union. There is no difficulty in determining what a trade union is, because the act is clear. A trade union is one that meets the definition of section 3 of the Canada Labour Code or of any provincial statute providing for the investigation, conciliation or settlement of industrial disputes.

The issue that has arisen, however, since we first won this provision more than 20 years ago, I believe, is this: when union dues are allowed, in many cases it is not the full amount that members have to pay which is allowed but only that portion of dues which the government, by regulation, has decreed as being really necessary. To be specific, there are occasions when there are special assessments because of a strike or because of a building project. Things of this sort frequently are not allowed. As I read the tax bill before me, I do not see any reason why they should not be allowed.

What the law would allow is the annual dues to maintain membership. Well, if one is a member of a trade union and the trade union makes, in addition to its normal assessment, a special assessment, the member has to pay that special assessment just as he must pay the normal assessment in order to maintain his membership in that union. I know that almost every year at income tax time I hear from secretaries of local unions or from individual union members, and particularly from those who belong to unions for which the dues are rather substantial. They express this concern, that although they may have paid \$100 or \$150 during the year as trade union dues, only \$40 or \$50, or some such figure, is allowed. I just pulled those figures out of the hat.

I should like to know whether the plain, ordinary meaning that one gets from looking at this tax bill actually shows the way this part will operate. It is clear that the taxpayer gets a deduction for income tax purposes with respect to annual dues to maintain membership in a trade union as defined. I do not see any qualification which gives anybody the right to “chisel” on that clear statement. I hope at some point we can hear a definitive answer. I hope the answer will be satisfactory. If it is not, we shall see if we cannot bring forward an appropriate amendment. Mr. Chairman, that completes my remarks on two of the things about which I wanted to speak at this time.

The third matter I want to raise is found on page 15 in proposed new section 8(1)(a)(i). I am referring to the new provision that was first unveiled in the white paper, and it has been included here just about as it was unveiled. It has to do with a deduction to be allowed to taxpayers in respect of their expenses on the job up to either 3 per cent

of the taxpayer's aggregate income or \$150, whichever is the lesser. If I may put that in other terms, Mr. Chairman, it means that one gets an exemption of up to 3 per cent except he cannot go higher than \$150 in a year.

• (5:00 p.m.)

We feel quite disappointed at the restrictions that the government has imposed on this provision. Workers who have special expenses that are attached to the job in a great many cases have a total of expenses much higher than \$150. We think that figure should be more in the order of \$500. I have no objection to the higher figure having attached to it a requirement of some kind of receipts or vouchers such as is done with charitable donations. In that connection, maybe the solution is to do the same. I hope the parliamentary secretary's interest means that he is thinking about it seriously.

With medical expenses, a taxpayer has the option of claiming \$100 without bothering to put in any receipts. It applies to charitable donations, except that the total for both is only \$100. At any rate, the principle is clear. A taxpayer can put in receipts and claim a much larger amount. If he does not have receipts, he can claim \$100. Possibly the workers could be told that if they do not have receipts, they will be allowed a \$150 exemption, and if they have vouchers they can claim a higher exemption.

All that this amounts to, the way it now stands, is that a taxpayer with a taxable income of \$5,000 a year or more, from any kind of employment, receives a flat additional exemption of \$150. It is not a tax credit. If it were, I would be shouting hosannas at this point. But no, it is an additional exemption. For the low income person it means a small concession of 15, 17 or 20 per cent of that \$150. To the wealthier person, the one in the higher bracket, it means a much larger amount because his marginal rate is much higher.

The parliamentary secretary knows I still regret that the government was not prepared to move from the tax exemption method to a tax credit method. I do not think the government needed to throw this in our faces by extending the exemption method in the way it has done. The government did not have this system before. There was no such thing as a consideration for the expenses of all workers. But this is not limited to industrial or office workers. Since there are no receipts or vouchers required, one does not have to be an industrial worker who has to buy certain kinds of clothing or tools.

Mr. Lambert (Edmonton West): The deputy minister gets it.

Mr. Knowles (Winnipeg North Centre): The parliamentary secretary gets it too, does he not?

Mr. Lambert (Edmonton West): Not the parliamentary secretary, the deputy minister.

Mr. Knowles (Winnipeg North Centre): I am being corrected. I am glad to accept the correction. Is there a prohibition against Members of Parliament getting this?

Mr. Mahoney: Perhaps I might explain, Mr. Chairman. Anyone who receives a tax free allowance of over \$150 will not be eligible to claim this exemption. If, for example, a school trustee were paid a tax free expense allow-