

Taxation

\$30,000. If the United States taxpayer lives in a state such as Pennsylvania, which has no state income tax, his income taxes are less for incomes ranging from \$5,000 to \$30,000.

For a married couple, average income taxes are less in the United States if the couple's income is greater than \$7,000, even if only the standard deduction is claimed. However, over 60 per cent of United States taxable returns filed jointly by husbands and wives claim itemized deductions.

I have a few examples. The typical home owner in the state of New York pays an average of \$1,419. In Saskatchewan he pays \$1,914, or 25.9 per cent more income tax. The average in the United States is \$1,318. In all provinces other than Saskatchewan, Manitoba, and Quebec, the average is \$1,827, which means that the average in the United States is 27.9 per cent less. The average taxpayer filing itemized deductions in New York state pays \$1,529. In Saskatchewan the amount is \$1,914, or 20.1 per cent more.

The average taxpayer in the United States filing itemized deductions pays \$1,409. In all provinces other than Saskatchewan, Manitoba, and Quebec the average is \$1,827, or 22.9 per cent more than in the United States. Hon. members can see the wide variance, and it is time we got down to business and looked at our whole tax structure to see what we can do about lowering taxes so that we can keep Canadians, businesses, and investment money right here in Canada.

The average taxpayer using standard deductions in New York State pays \$1,843. In Saskatchewan the amount is \$2,178, or 15.4 per cent more than in the United States. The average taxpayer in the United States using standard deductions pays \$1,634. In all provinces other than Saskatchewan, Manitoba, and Quebec the amount is \$2,060, or 20.7 per cent more than in the United States. The Royal Commission on Taxation also made the following note:

Income taxes include provincial income taxes and old age security tax in Canada, and average state and local income taxes in the United States. They do not include compulsory contributions to government pension plans in either country. In all cases, the percentage difference is calculated using the Canadian tax figure as base.

● (1532)

I have a few other examples which I would like to read into the record. The first is examples of the percentage differences between U.S. and Canadian income taxes. If you earn \$8,000 in the U.S. and \$8,000 in Canada, you pay 17.3 per cent less in taxes in the U.S. If you earn \$10,000, you pay 19.1 per cent less in the U.S. On \$12,000 in each country, you pay 22.9 per cent less in the U.S. On \$15,000, you pay 27.3 per cent less in the U.S. On \$25,000, the difference is 36.6 per cent. No wonder people are moving to the United States.

I have some other comparisons to put on the record. These are more up to date figures. This is a tax equalization table for 1977. If you earn \$20,000 in Canada, after all the deductions you pay \$3,708 in taxes. On \$20,000 in the U.S. you only pay \$2,734, or \$1,000 less. On \$40,000, in Canada you pay on the average \$12,369 in taxes, but in the U.S. only \$8,472. There are many professional people in the \$40,000 bracket, lawyers, businessmen and so on, and on about the same income they

pay approximately \$4,000 less in the U.S. That is quite an incentive to go to the United States.

In the higher income brackets, in Canada if you earn \$61,000 you pay \$23,094. If you earn \$54,881 in the U.S., you only pay \$13,400 in taxes, or \$10,000 less. In what is called the middle income group in Canada, if you earn \$27,776 a year you pay \$12,377 in taxes. On a similar amount in the United States you pay only \$6,198. That means \$6,179 less in taxes after all the comparable deductions are made.

Some other examples I have here show that a Canadian earning \$29,544 has to pay \$9,418 in taxes. On the same amount in the United States he pays \$5,317 in taxes which is approximately \$4,000 less.

A question was raised a couple of weeks ago about the different tax structures in the two countries, and the Minister of Finance (Mr. Chrétien) made a comment regarding the medical and hospitalization costs in the United States. There are private plans there and you can get insurance coverage for medical and hospitalization costs both of which are tax deductible. Also, senior citizens have a social security plan under which medical and hospitalization costs are paid. They are well covered there, and it is not a penalty for them to become sick. You do not become bankrupt when you become sick, but you can claim your expenses in tax deductions. You can pay into private pension plans.

Many firms in the U.S. have their own medical and hospitalization plans. They also have deductions for dental expenses. There is quite an extensive list of deductible medical expenses. People in the U.S. are well covered. I obtained this information from the 1978 U.S. tax guide. We can certainly use these documents for study in committee in comparing the two tax structures.

I have further examples of tax deductions between Canada and the U.S. In the 1977 tax guide you will find information on profit or loss from business or profession, capital gains and losses, supplemental income schedule, credit for the elderly, computation of social security self employment tax, tax computation schedule, and credit for child and dependent care expenses. All these are areas that we can study.

There was a very interesting article in the latest *Executive* magazine entitled, "Trudeau Played To A Great Hush". It reads:

Executive spoke with columnist Janeway shortly after Trudeau addressed the Economic Club in New York City.

There was little doubt Trudeau wished to impress upon that audience that our economic nationalism is behind us, that his government now sees the value of the private sector, and that we wished to be taken back into the North American fold. Did he convince that audience of powerful business figures?

He played to a great hush.

I don't think anyone here believes that Canadian economic nationalism is behind you. I recently was in Fargo, North Dakota, right under Winnipeg. They tell me there that every week end you can't get a hotel room, and that all the shops that are well stocked are cleaned out by Canadian buyers. That is a lot more potent evidence than a press release to a group of stuffed shirts in New York. This has gone on every week in every border market centre between Seattle and Bangor, Maine.