

Income Tax Act

the U.S. rates are the best available measure of the reasonableness of those in Canada, but also because the extent of the disparity may well be decisive in the minds of able, highly-trained, mobile personnel seeking to exercise their talents in a more hospitable economic climate. The white paper acknowledges the importance of retaining Canadians with outstanding ability but of equal importance is that we continue to attract immigrants of the kind that can make a contribution to Canadian economic and cultural progress. The proposed tax increases on taxpayers earning more than \$9,000 is a move in the wrong direction for they neither encourage desirable immigrants nor the retention of Canadians which the country cannot afford to lose.

[Translation]

Mr. Chairman, the figures that I will quote were taken from the U.N. Yearbook of National Account Statistics.

[English]

The U.N. Yearbook of National Account Statistics indicates that Canadian per capita income in 1967 was 37 per cent below that of the United States in the same year.

[Translation]

Mr. Chairman, even if the per capita income in Canada is 37 per cent lower than in the United States, our personal income tax, according to the figures I shall quote, is double that which the Americans have to pay.

I would like to refer to studies made by a firm of chartered accountants, Price Waterhouse & Company. Here is what those tax experts had to say about the Canadian and the American income taxes.

[English]

Canadian taxpayers have long suspected that they pay more in personal income taxes than taxpayers in the United States at similar income levels... few Canadians realize just how large the difference is between the effective rates of Canadian and United States personal income taxes on employment and professional income... But some valid comparisons... show that... middle-income bracket Canadians may well be paying up to twice as much personal income tax as their counterparts in the United States at the same income level.

[Translation]

Mr. Chairman, if, apart from the fact that the Canadian per capita income is 37 per cent below that of the United States, Canadians must in many cases pay twice as much tax as Americans, it is not surprising that a lot of Canadians want to emigrate to a country where taxes are twice as low as in Canada.

That is why the chartered accountants who made a tax research had this to say:

[English]

A materially unfavourable comparison might be a factor both in inducing talented Canadians to leave Canada, taking with them their abilities and their capital, and conversely, in inhibiting the immigration of skilled newcomers from other countries into Canada. The United States is the logical country with which to make such a tax comparison, because of its proximity to Canada, its similar standard of living, and the frequent movement of its residents to and from Canada.

• (3:40 p.m.)

[Translation]

Mr. Chairman, I have here figures taken from page 274 of the 1970-71 Canada Yearbook. They show that in the last five years, 226,465 skilled Canadians with degrees have left Canada to go and live south of the border because they had to pay twice as much income tax as people in the United States.

[Mr. Rondeau.]

Now I would like to give comparisons between underprivileged people in Canada and in the United States. I am still referring to the study I mentioned earlier, because if I quoted figures computed by Créditistes, you might not believe me. Here, then is what the experts say:

[English]

—we have concluded that in many cases skilled Canadian personnel would find themselves paying anywhere between 50 per cent to 100 per cent more personal income taxes because they live in Canada rather than in the United States. If the comparison is between two taxpayers at similar levels who own their homes, the Canadian counterpart may quite likely incur double the personal income tax burden of the United States taxpayer—

[Translation]

Mr. Chairman, here are the figures: the difference between a Canadian living in Ontario and an American living in the state of Ohio is that, if the Canadian is earning \$8,000 in Canada or in the United States, he must pay \$1,044 in income tax to Canada while he would have to pay only \$416 in the United States, a difference of \$628. This means that income tax in the United States is 60.15 per cent less than in Canada. The Canadian levy on an income of \$12,000 amounts to \$2,327, while it would be \$1,007 in the state of Ohio, which means that the \$12,000 man in the United States is better off by \$1,320 than his Canadian counterpart, a difference of 56.73 per cent. Or an income of \$15,000 the United States tax is \$1,884 less than in Ontario. On an income of \$25,000, the tax is \$3,946 less in the United States; on an income of \$50,000, it is \$7,995 less, a difference of 40.73 per cent.

Judging by the conclusions of the study:

[English]

The United States home owner has an additional advantage over his counterpart in Canada in the same income bracket, because the United States taxpayer is permitted to deduct his home mortgage interest and property tax payments in computing his taxable income for United States tax purposes.

[Translation]

Mr. Chairman, in the United States both interest and taxes on property are deductible. I am not saying that the American taxation system is tops, that it cannot be improved, but I use this as an example to show the Minister of Finance that there is room for improvement in Bill C-259.

I will make a comparison between the taxpayer in Ontario and his counterpart in the state of New York: on an \$8,000 income in Ontario, the annual rate is \$1,044, while in the state of New York the levy is \$473, a difference of \$561 per year or 54.69 per cent. On \$15,000 it is \$1,598 less and, on a \$50,000 income, the difference is \$5,683.

Mr. Chairman, to speak only of mere tenants, in Canada as in the United States, who do not benefit from deduction of interests for real estate taxes, an income of \$8,000 in Canada involves payment of \$1,044 in taxes, whereas in the state of Ohio it would be only \$500, or \$544 less. Taxes on an income of \$8,000 are \$1,044 in Ontario and \$569 in the state of New York, or a difference of \$475, in terms of percentage, 45.5.

To summarize the difference between personal income tax in Canada and in the United States it can be said that on an income of \$8,000, American or Canadian, a citizen pays 29.55 per cent less in taxes in the United States than