

Income Tax Act

year, the more it seems to me to be unfair—that the government should not accord to medical expenses that people pay of necessity at least the same treatment as is accorded to donations to charity which are made voluntarily. Perhaps the best way in which to spell this point out is to do what the parliamentary assistant will tell me I have done a good many times, and that is to put a few examples on the record. He knows the cases that I have taken in previous years, and probably he expects me to take the same cases today with up-to-date figures. I am not going to disappoint him. I am going to do precisely that; and if he has done his arithmetic by way of homework, he will be able to check on them.

Let me take two or three cases. First, there is the case of the married couple with no children and having an income of \$2,400 a year. If there are no other factors entering into the picture, the total income tax they would pay, according to the rules now in effect, would be \$68. If that couple has medical bills of \$200, the operation of the 3 per cent floor is such that they would save only \$21.76. The amount of tax they would pay would be \$46.24 which is a saving of \$21.76 as compared with the normal tax of \$68. But if, instead of being faced with \$200 medical bills which they are obliged to pay, that same couple were to give away \$200 to an approved charity, they would save \$34 against their income tax. That is a typical case. The government grants income tax rebate with respect to \$200 given to charity to the amount of \$34 but only \$21.76 if the same amount is paid out on medical bills.

Let us take the case of a married couple with two children where the income is \$3,600 a year. Let us assume medical bills of \$300 during the course of the year. That couple's tax, before any deductions, would be \$227. The allowable deduction above the 3 per cent floor would result in their paying \$190.52 or a saving of \$36.48. I repeat that would be a saving of \$36.48 in respect of \$300 medical expenses. But if that same family gave away \$300 to an approved charity, the saving which would accrue to them from the income tax department would be \$57. It is that inequality which I think is unfair: to give to that family \$57 of income tax saving if they give away \$300 but only \$36.48 if they have to spend \$300 on medical bills. I agree with the provision that the \$57 in that case should be allowed for charitable donations but I contend that at least the same allowance should be made in respect of medical expenses.

Let me move on to the case of a couple with two children, with total income of \$5,000

a year. Their tax before any deductions would be \$507. If they have \$500 medical expenses they would pay only \$433.50, or a tax saving of \$73.50. But if instead of paying \$500 in medical expenses, they gave away \$500 to an approved charity, their tax would be only \$402 or a saving of \$105. There again you have the same type of discrepancy. The income tax department says to that family, "If you give away \$500 we will give you back \$105; but if you are stuck with \$500 medical expenses we will give you back only \$73.50."

Let me go back into the lower brackets again and take the case of a couple with two children trying to keep alive on \$2,400 a year. How that is done, no one understands. Their tax, before any deductions, would be \$17 a year. If that couple has medical bills of \$100, the rebate is only \$4.76. If they gave away \$100, they would pay no tax at all. They would save the whole \$17.

Mr. Trainor: Are you suggesting they might do that?

Mr. Knowles: My medical friend the hon. member for Winnipeg South (Mr. Trainor) is asking a very good question. He is asking me if I can imagine a man and wife with two children and with \$2,400 a year income giving away \$100. No, I do not see how they could do so. They would not have it to give away. But he knows that they might well have to pay medical expenses of \$100 a year or more.

Mr. Trainor: That is quite doubtful.

Mr. Knowles: I am sure he will agree with me that if they do, they should get better treatment than \$4.76 tax rebate.

I come to just one more of these examples. This time it is that of a married man with two children and with an income of \$3,000 a year. Let us again assume \$100 of medical expenses or \$100 given to charity. Before any deductions, the tax would be \$119 a year. If \$100 is given to charity that couple would save \$17 from their taxes but if they have \$100 medical bills their saving is only \$1.70. There is a difference of ten to one: \$17 if the \$100 is given away and only \$1.70 if it is spent on medical bills.

To my friend the hon. member for Winnipeg South, whose interest in Blue Cross is well known—in fact, he is anxious to push Blue Cross in the hope that that will prevent us from getting something a great deal better, good as Blue Cross is—I may say this. He knows that if a member of a family is hospitalized during the course of the year and is a member of Blue Cross, the amount paid for him to the hospital out of Blue Cross is allowed as deductible under this arrangement; and it is quite possible for people in