

Income Tax Act

to the effect that you should not allow the public to see you making sausages or tax laws. Maybe there is something in this. This is a very complex matter which touches everybody very deeply. However, I think that to fail to proceed with this process would be giving up too easily. I believe it is a challenge to all of us and to our democratic institutions. I think it is a credit to the intelligence and maturity of Canadians who I believe are benefiting and will benefit by being able to participate in governing themselves.

Mr. Thomas S. Barnett (Comox-Alberni):

Mr. Speaker, in rising to support this interesting resolution introduced by the hon. member for Vegreville (Mr. Mazankowski) I feel almost inclined to say to him, "Welcome to the club". The subject matter of the resolution deals with something related to our tax laws that I have followed rather closely ever since I first arrived in this House. Indeed, I have put forward many amendments and resolutions and have made many proposals on this particular subject matter to various governments. I know my colleague sitting in front of me, the hon. member for Winnipeg North Centre (Mr. Knowles), was doing much the same sort of thing long before I arrived in this House and certainly back into the 1940's, unfortunately without too much effect so far as our income tax laws are concerned.

Mr. Knowles (Winnipeg North Centre):

Except in respect of trade union dues.

Mr. Barnett: I was about to say that one of the points raised by the hon. member in the 40's concerned the deductibility of trade union dues which is one item that is now allowed as a deduction by working people under the provisions of the Income Tax Act. I believe this is an item which is equitably applied to the general working force. I have examined the terms of the motion. Perhaps I should spell them out, because I wish to make one or two comments concerning the details of the proposal. We find that the hon. member proposes the following:

That an humble Address be presented to His Excellency praying that the Governor in Council will amend the regulations under the Income Tax Act whereby the deduction in computing income allowed self-employed professionals, tradesmen and workmen in respect of capital costs of tools necessary to their trade and similar property be extended to all professionals, tradesmen and workmen, whether self-employed or otherwise who must purchase themselves such property in the course of their employment.

In the course of his remarks, the hon. member made particular reference to Section

11 of the existing Income Tax Act. I should like to point out that in my view his resolution is so phrased that he is asking the government to amend regulations. I would submit for his consideration the idea that what is required is not an amendment to the regulations but rather an actual amendment to the act itself. As I understand the act, it is not possible to cope with the situation he has in mind by a simple change in the existing regulations. I should like to direct his attention, and the attention of members of the House, to Section 5 of the Income Tax Act which I believe to be more pertinent to this issue than Section 11. Section 5 of the Income Tax Act is the section which spells out specifically, exactly what deductions a person whose income is from wages or salary is allowed. As I recall the phrasing in that section it makes very clear that, except for those particular items, no exemptions are allowed for anything else or for any benefits of any kind whatsoever.

At various times and in various arguments, I have submitted that there are three main areas in which the working force of Canada whose income is derived from salary or wages is discriminated against, so far as deductibility of expenses under the Income Tax Act is concerned. Two of these areas apply particularly to working people who, in the course of their employment, must be away from their normal place of residence for periods extending into days, weeks or months. This involves the cost of living away from home and all unusual travelling expenses incurred in going from the place of residence to some other part of the country in the course of carrying on employment. The third area is the one to which the hon. member makes particular reference in his resolution; that is, the type of expenses incurred by a tradesman or professional person employed for salary or wages in supplying himself with the necessary tools and equipment which he is required to have in order to carry on his particular trade or vocation.

These three areas of expense are freely allowed to self-employed people as a deduction, but they are not allowable in respect of persons whose income is from salary or wages. Herein undoubtedly lies the discrimination which is of concern to the hon. member for Vegreville, as expressed in his resolution. I submit that the appropriate manner in which to bring about this change would be in the form of an amendment to Section 5 of the Income Tax Act. There was