

# HOUSE OF COMMONS

Tuesday, January 21, 1986

The House met at 11 a.m.

## GOVERNMENT ORDERS

[English]

### INCOME TAX ACT AND RELATED ACTS

#### MEASURE TO AMEND

The House resumed from Friday, January 17, consideration of the motion of Mr. Hnatyshyn that Bill C-84, an Act to amend the Income Tax Act and related statutes and to amend the Canada Pension Plan, the Unemployment Insurance Act, 1971, the Financial Administration Act and the Petroleum and Gas Revenue Tax Act, be read the third time and passed.

**Mr. Speaker:** Order, please. Resuming debate with 17 minutes remaining, the Hon. Member for Davenport (Mr. Caccia).

**Hon. Chas. L. Caccia (Davenport):** Mr. Speaker, I noticed with some degree of curiosity the fact that in this debate Tory Members of Parliament and the one who preceded me, the Hon. Member for Richelieu (Mr. Plamondon), carefully tiptoed around the bad news in Bill C-84. It is very curious to note that they hardly mentioned, in the course of the debate, the existence of a measure which was introduced whereby the personal deduction, the one that we are all allowed to deduct on our income tax form every year, will be seriously affected.

Some 10 years or 15 years ago, that amount was roughly \$1,100 per person in Canada. It was the Liberal Government then which introduced the concept of indexation in order to protect the purchasing power of individual taxpayers in light of inflation, and therefore introduced the idea of indexing the personal deduction. Over the years that deduction has risen. Last year, when we filled in our income tax forms, it was \$3,960. This year it is \$4,140 per person. However, from now on, things will change; the personal deduction will not rise with inflation. Therefore, the capacity of Canadians to maintain or keep pace with inflation will be diminished. In this Bill—and this is what is so surprising about Tory MPs being so thoughtful in not mentioning it to their electors—only anything above 3 per cent will be permitted.

Let us suppose that 4.4 per cent is the inflation rate this year. In the calculation next year of personal income tax deductions, 3 per cent will be deducted and it will allow for an increase of 1.4 per cent in that deduction. Taxpayers will remain behind in their capacity to keep up with the erosion caused by inflation. If we take a period of five years and

suppose that in the next five years we will have an accumulated 20 per cent inflation, because of the budget proposal allowing for only anything above 3 per cent, instead of keeping up to the tune of 20 per cent or so, taxpayers will only be allowed 5 per cent in their personal deductions. Every household will be affected by this measure. It means paying more income tax, and not in relation to one's ability to pay. It will be harder on those with lower and middle incomes.

The examples, as provided to me by the research bureau of our Party, speak for themselves. In the case of a single working mother with three children and an income of approximately \$27,000 per year, that mother will have to pay 53 per cent more in income tax in 1990 than she paid in 1985. Let us look at it from another angle. A single pensioner with an income of \$8,500 per year will lose \$420 in purchasing power from 1986 to 1989. This loss will primarily be due to partial deindexation of personal income taxes. Are you surprised, Mr. Speaker, that the Tory MPs are not including this feature in their speeches?

Another aspect of the Bill about which the Tories have been strangely silent is the cancellation of the Registered Home Ownership Savings Plan. It is a unique measure for everyone who wants to save tax money and to put aside a little sum yearly until there is enough for the downpayment on a house. Many Canadians have made use of this measure, which was introduced in the seventies by the then Liberal Government. This savings plan is gone, compliments of the Tory Government. Here is another dismantled feature of which the Tories can be strangely proud in their blind determination to dig their own political grave. How pathetic it is, Mr. Speaker, to remove saving incentives from people planning to buy a house and who therefore stimulate, directly or indirectly, the housing industry and therefore help in the maintenance and creation of jobs. It takes a special Tory cunning to devise such backward tax legislation. No wonder the Tory Government is slipping so badly in the polls.

● (1110)

What is the cumulative effect of these and other budget measures? Well, I am told that by 1990 the direct tax on the individual taxpayers of Canada will have gone up by some \$5 billion. Thus, Mr. Speaker, this Bill and the Budget takes money from the pockets of the Canadian consumer and imposes taxes on the same person when he or she is a buyer. More money will have to be paid by the average consumer on gasoline, certain health care products, soft drinks, candy, pet food, and woodburning stoves. Then, because the federal tax imposed on other goods has been increased, the Canadian consumer will have to pay more taxes on construction goods,