

Income Tax Act

an explicit statement of social policy through the form of direct payment, that is one thing but it seems to me that a tax system should be as neutral as possible, and progressive at the same time. In other words, it should affect everyone in the same circumstances in the same way. It should not be used as a means of discrimination.

I know of a number of areas in which, over the years and through various forms of modifications to the tax system, possible areas of discrimination have crept into the tax system. I am sure hon. members opposite will bring that to my attention.

I agree with the hon. member's earlier comment that there should be a broad review of the whole income tax structure to ensure that it continues to be a good example of equity and giving equitable treatment to all Canadians who are in similar circumstances under the system.

As I was saying, there does not appear to me to be any discrimination in the act directly with respect to the two groups about which I was speaking, single parents working outside the home and single parents at home on welfare. To the contrary, there is a provision allowing for the deduction of expenses incurred by a single parent for the care of his or her child while that parent is working, within limits. So there is some provision there which would give relief to a parent who wishes to go outside the home to work. This provision is particularly aimed, of course, at helping single parents who wish to enter the labour force.

There is another provision under which a single parent can claim the equivalent of a spousal deduction for one of his or her children. The practical effect of this is to increase basic exemptions for such a person, thereby allowing higher levels of earnings to be tax-exempt, again encouraging entry into the work force.

I should also note that for both the single working parent and the single parent on welfare there is no difference in personal exemptions allowed. So there is no discrimination on that point.

The only other relevant provision in the Income Tax Act is an exemption provided for most welfare payments which are made on the basis of a needs test, as was mentioned by the hon. member for Gatineau (Mr. Cousineau). This provision applies to all recipients irrespective of whether they are on social assistance or whether they are single parents, working or not.

I suggest that if there are legal discriminations or discouragements against single parents getting off welfare and getting out to work, they do not lie in the Income Tax Act. As I said, there may well be problems relating to the way provincial programs of social assistance are applied and the way in which such payments are cut back to reflect job earnings of the person who has been on welfare. I think that is a serious problem. In some cases we see in our welfare laws mechanisms whereby if a person decides to take on work, earning additional dollars, there is a one-for-one offset against the welfare payment.

Effectively, if you are earning \$6,000 or \$7,000 a year on welfare and if you go out to work, for every dollar you earn you lose a dollar of welfare benefit. Where, then, is the incentive to work?

Mr. Deans: That is what I was saying.

Mr. Evans: The hon. member says that is what he was talking about. The question I ask him is this: should the tax system take the approach that if a person is on welfare and if he goes out to work to earn additional money, those additional moneys should be taxed in a different way? I would like to address the subject of joint filing, about which the hon. member for Mission-Port Moody (Mr. Rose) was speaking, in a moment, but let us suppose what I said a moment ago was the case. Let us suppose a husband is out earning \$5,000 and the wife goes out to work. Then, effectively, you have a joint system set up whereby the family would be taxed as if it made \$10,000. But if the person was on welfare and went out to work, you could have a system whereby that person, although they made \$10,000 through welfare and through work, the welfare would not be reduced by the amount earned and the tax would not apply. So you could have a system of discrimination set up in that way.

Mr. Deans: We need to have another forum for discussion. There must be an exchange.

Mr. Evans: I agree with the hon. member, we should have another forum for discussion. I hope that opportunity will arise.

I would like to turn now to the proposition put forward by the hon. member for Mission-Port Moody with regard to the tax structure and the possibility of individuals being allowed the option of filing either jointly or as individuals. In some rare circumstances I can see where there might be an advantage if one were to have a system of joint filing as opposed to a system of individual filing. The hon. member put forward the possibility that this could be triggered on an optional basis, the choice being made by the individuals involved. The hon. member for Gatineau, who spoke earlier, suggested that kind of choice in our tax system—where the individual selects the tax base which is most appropriate or in his best interest, from the point of view of which method leads to the lowest tax—would implement in our tax system a basic form of discrimination, which I do not think should be allowed, and which he also did not think should be allowed. Either we have a system whereby individuals file separately or we have a system whereby individuals file jointly. It does not seem to me to be in the interests of equity to have a system whereby the individual can select the basis upon which he will be taxed, from the point of view of which system will provide the lowest rate of taxation.

Given the progressive nature of our tax system, though, two people filing separately, as the hon. member for Mission-Port Moody pointed out, versus the same two people filing jointly, will pay lower taxes under the current system. The current system is, in fact, more favourable to two people filing separately than it would be if those two people filed jointly,