

GOVERNMENT ORDERS

[English]

INCOME TAX ACT

The House resumed, from Tuesday, February 18, consideration in committee of Bill C-49, to amend the statute law relating to income tax—Mr. Turner (Ottawa-Carleton)—Mr. Laniel in the chair.

The Chairman: When the committee rose last evening, clause 69 was under consideration.

On clause 69.

Mr. Stevens: Mr. Chairman, I would draw the minister's attention to subclause (3) of clause 69. My remarks may touch on clause 70 as well. The minister received a letter from a gentleman living in British Columbia who said that he cannot work because of a heart condition. At the age of 50 he cannot work at all. The impact of the income tax law is such that he finds himself paying about ten times the amount of tax paid by others who, because of the peculiar wording of the act, are entitled to various exemptions and deductions.

I shall refer to the letter but not reveal the name of the writer. The letter is dated February 3, 1975. The writer says that he wrote to the minister a year ago complaining that a person under age 65 who is forced to retire on pension for medical reasons is victimized by our tax laws. He pointed out as follows:

—a person such as myself, forced to retire from the public service at age 50 because of severe cardiac condition and unable to work, received no tax relief. I can claim neither the age deduction nor the disability deduction because I am not confined to bed or a wheelchair.

The writer of the letter then suggested:

Canada Pension paid on a disability basis prior to age 65 should be tax deductible . . . the disability deduction should be allowed those who are unemployable on medical certificate even though their condition does not confine them to bed or wheelchair.

The minister replied in part as follows:

—there are, of course, situations where an individual cannot be gainfully employed because of disability although he is not confined to bed or wheelchair. It would be difficult, however, to distinguish in the tax law between the varying degrees of disability or incapacity, some of which would preclude gainful employment, others of which would not seriously impair earning ability.

This B.C. constituent comments on the minister's letter and says:

The validity of this view escapes me. Surely, a person is disabled and unable to work, or he is not; the question being one for medical decision. In my own case, I have been medically certified by the Department of National Health and Welfare as unable to work both for the purposes of the Public Service Superannuation Act and the Canada Pension Plan. What more proof can be required to establish disability?

There are many who are not yet 65 but who for various reasons cannot work. The income tax law does not provide relief for such people who through no fault of their own are placed in an awkward position. The writer of the letter, whose 1974 income was \$6,312, compares his position with that of a person aged 65 or more. According to his calculations, he pays \$579.40 in tax whereas the pensioner with whom he compares himself pays only \$53.60 I wonder if the minister can explain this anomaly. What is the reason for it? I ask this question because several people in

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my constituency are similarly placed. Will the minister consider reviewing the pertinent sections of the act in order to provide relief for people caught in such unfortunate circumstances?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, I remember the particular case to which the hon. member refers. We do receive letters of that sort. I have said on other occasions that the income tax law is a global law and it is difficult to gear it to individual circumstances. We have extended, during the last three years, deductions and exemptions for the handicapped. The clause presently before the committee will further extend them. When I received the letter, which speaks for itself, there was no way to draw a line or to provide significantly different relief for that particular case without extending the law into areas in which its administration might be open to abuse. We are continually studying these cases but we must draw the line somewhere. We have extended deductions and exemptions again in the budget, as is evident if one studies this and other clauses. I do not have anything to add to what I said in the letter which the hon. gentleman quoted.

Mr. Stevens: Mr. Chairman, could the minister hazard a guess as to how many people find themselves in circumstances similar to those outlined by the writer of the letter?

Mr. Turner (Ottawa-Carleton): No, Mr. Chairman, we could not even hazard a guess. These relieving amendments usually come about because of letters which I or the minister of the day may receive from individual Canadian citizens or from their members of parliament. Or amendments are introduced as a result of the representations of members of parliament. That is how the current increases or extensions of deductions and exemptions have found their way into the bill. We receive correspondence from various parts of the country. At the moment, however, the type of case illustrated by the hon. member is not so widespread as to justify, in our opinion, remedial relief through the tax law rather than by other means.

Mr. Stevens: Can the minister give the committee an estimate of the number of inquiries he has had concerning this type of problem?

Mr. Turner (Ottawa-Carleton): I cannot answer precisely, but there have not been very many.

Mr. Stevens: Mr. Chairman, may I raise another question which is not related directly to clause 69? Can the minister say whether his department is considering giving income tax relief to those who must wear artificial limbs? As I understand it, they are now caught in the position where this necessary item is rapidly increasing in price and there is no provision for any type of deduction in respect of the cost of an artificial limb.

• (1610)

Mr. Turner (Ottawa-Carleton): Mr. Chairman, I have a feeling, as does the assistant deputy minister, that it already qualifies as a medical expense.