

Taxation Reform

ine the difficulty to prove that accounts for improvements were authentic, after even 10 years.

Almost every home would have to be evaluated at or close to valuation day, presumably some time in 1970. To prevent abuses, the government would have to evaluate also. For those with rather expensive homes they would be wise to have two evaluations. At the moment appraisers are scarce and expensive. I expect the cost to appraise a home would be from \$200 to \$1,500. If only 50 per cent of the owners wished to have their homes appraised as of valuation day the available appraisers could not complete the task in 40 years and I expect the fees would become ridiculous.

It may be argued that evaluations are not necessary, that both the owner and the government can reply on the sales recorded in the registry office as of valuation day, and that people won't want their valuations too high because they could be used for succession duty purposes. However, the vast majority of homeowners will sell their present homes and pay capital gains tax long before their estates will be called upon to pay succession duties. Moreover, the records in the registry office are very little help in determining value if the home is any way different from the others on the street or if the owner has made improvements. In all of these cases, the real value can only be established by adjustments after inspection by experts.

I have seen valuations vary as much as 100 per cent between owners and metropolitan Toronto authorities, between owners and the Ontario government, and between owners and the federal government. For a relatively modest home worth perhaps \$32,000 there could very well be a difference of \$4,000, which could cause an owner to pay on a capital gain of \$3,000 if he sold one year after valuation day. I can see no reason for assuming that these differences in valuation won't exist between the Department of Revenue and owners as they have in the past between expropriation authorities and owners.

If one goes to the trouble to have his home evaluated he should be able to call upon the department to accept it immediately and, if there is a difference, that a tribunal be immediately available to determine which figure is correct. It is not the same as determining the value for succession duty purposes. In that case the home is there for an inspection and evaluation at the date of

death, but for capital gains tax on the first sale after valuation day we must establish value as of some day in 1970. It cannot be left until an owner sells in five, ten or 20 years to establish what the value was in 1970. The witnesses would no longer be available and the owner himself might be dead, leaving the dispute to his widow.

Add to this the need to value paintings, sculpture, rugs, jewelry, fur clothing, books, silver and other works of art. Evaluators in these fields are even more scarce and less qualified, but many homes would require the services of from one to five of these experts. The cost to the government to collect, and the cost to the owner and the government to evaluate, would far exceed the recovery. The nation would have injured itself.

Trying to keep and maintain records of home improvements and articles purchased and sold would require a bookkeeping system and an office. Our wives would become badgered bookkeepers rather than homemakers. It is an invasion of privacy. We would have the constant presence of the tax collector in our homes. Big Brother would want to know every last detail of our personal affairs. The tax would be even more annoying than the radio licence of the past.

The family that sacrificed present pleasures in order to collect a few paintings and other works of art would be penalized for this contribution to society. Much that would be taken would not be capital gain but straight confiscation. Three bedroom homes in the Toronto area now sell for around \$35,000. These homes have been going up at the rate of one per cent per month because of the increasing construction cost. It just happens that inflation is at its peak in the construction industry.

If an owner sells his home he must replace it with another. There is no way for him to get along without a home. To take away from him part of the inflated price which he received for his home without taking into allowance the inflated price which he paid for the new one is confiscation. A home that sold three years ago for \$40,000 would now sell for \$53,000. Under the new system if the owner sold for \$53,000 he would have to pay \$53,000 to replace it, but he could not. He would be allowed to deduct \$1,000 a year, or \$3,000, and pay perhaps \$5,000 of the \$10,000 increase in value in taxes. He would then have to settle for a \$48,000 house. Even a relatively modest