

*Income Tax Act*

of the attention drawn to this question in the house, the floor was reduced to 3 per cent in 1953. I do not think one should fail to note the coincidence that there was also an election that year. However, there it stands now.

The taxpayer can now deduct his medical expenses from his income before he computes his taxes, but he can deduct only that portion of his expenses which is in excess of 3 per cent of his total income. Even there perhaps I have to make one slight qualification. Total income in this connection refers to income left after you deduct one or two items such as trade union dues and pension fund contributions, but before you deduct the \$1,000 or \$2,000 statutory exemption plus whatever exemption you may have for children.

Thus for all practical purposes the 3 per cent floor relates to your total income. If you have an income of \$2,500 a year, you can deduct only that portion of your medical expenses which is in excess of \$75. If you have an income of \$5,000 a year, you can deduct only that portion of medical expenses which is above \$150.

I have pointed out on previous occasions that there are at least two other limiting factors in connection with this right of deductibility for medical expenses. One of these limiting factors is the absolute ceiling in terms of how much you can deduct no matter how high your expenses might be.

I know there are some hon. members who do not agree with that ceiling and believe there should be no ceiling at all. For my part I wish to make it perfectly clear that I have no quarrel with the ceiling. My quarrel is with the floor. I think we should be concerned about this in regard to those in the lower brackets rather than those in the upper income brackets who can afford outlandish medical expenses. The purpose of my motion is to help those who need help the most.

It is true that those with larger incomes would also get help, but there is a limit on the help they would get. That ceiling in terms of absolute dollars is in the legislation and it is spelled out in the income tax forms, and I am not asking for any change in the ceiling in regard to the amount that can be deducted.

There is another limiting factor and that is that you can deduct only those kinds of expenses which are spelled out in the act, and of course you must have receipts for them. For the most part the kind of expenses you can deduct is limited to the bills you pay to doctors, dentists, nurses and hospitals, and for a few selected drugs. There are one or

[Mr. Knowles.]

two other types of things but they are rather limited. I believe, as I have said on previous occasions, that the limitation on the kind of things you can deduct detracts to a considerable extent from the right of this deductibility.

Everyone knows that when illness strikes there are expenses other than those spelled out in the act. If the breadwinner is away from work there is a loss of income. If an illness is suffered by the mother there can be extra expenses because of the help that has to be engaged while she is in hospital.

**Mr. Benidickson:** That is deductible under certain circumstances.

**Mr. Knowles:** Yes, under certain circumstances, but in the main I believe the parliamentary assistant will agree that there are many expenses associated with illness which are not deductible at all.

I recognize the administrative problem of allowing all the expenses that a person suffering illness might claim to be expenses relating to an illness. But it is because of that difficulty that I believe the 3 per cent floor should be removed and the government should at least allow what one pays to hospitals, doctors, nurses, dentists and so on to be deductible from the very first dollar.

As to these three limitations, namely the ceiling, the definition and the floor, I think I have made it perfectly clear that I have no quarrel with the ceiling; that I think the definition is too narrow, though I am not in this motion asking for any change; but that I feel strongly that the floor is wrong. I think it is wrong in principle, unfair to the taxpayer and inconsistent with the statements of the Minister of National Health and Welfare (Mr. Martin) about the health and well-being of our people being our greatest national asset. My request to this house once again is that we pass this motion asking the government to consider removing this 3 per cent floor.

Mr. Speaker, I made a comparison today between medical expenses and the treatment accorded to repairs to property. As I say, I think that the same amount of fairness should be accorded to one expense as to the other. I also remind the house, as I have done on previous occasions, of something else, namely that the government accords better treatment to donations to approved charitable organizations than it does to medical expenses. I approve of the position taken by the government with respect to charitable donations and I agree with the principle and the formula that it applies to those donations. But I want to say again that it seems to be unfair—and the more I think over this matter, the more I come back to it year after