

Income Tax Act

The interpretation of this language, as well as the language of other sections of the bill, of course, will be the responsibility of the Minister of National Revenue. I can only say that that particular paragraph is the same as present subsection 27(1)(c)(iv) and has therefore been administered for many years. There ought to be ample precedent for its interpretation.

The hon. member for Dauphin raised a related question about the same section. He wanted to know whether an elderly person could deduct as medical expenses the amount that he pays for full time care in a nursing home. In this case it is assumed that the elderly person requires care but is not confined to bed or a wheel chair. Such expenses under the bill do not qualify as medical expenses. There is a problem in defining a nursing home, as the hon. member pointed out. Amounts paid to a hospital qualify as medical expenses, but homes for the elderly range all the way from private hospitals to accommodation which would compare favourably with some of our better hotels. A deduction for amounts paid to nursing homes could give some individuals a deduction for personal living expenses that would be quite unjustified.

• (5:10 p.m.)

Yesterday the hon. member for Greenville-Carleton raised a point under section 110(1)(c)(vi). The hon. member for Brant reiterated that point today. Each of them was talking about a different ailment, but nevertheless the answer is the same. This pertains to the question of children requiring special care or training because of mental or physical illness. Section 110(1)(c)(vi) is a new section in the bill. I commend it to both hon. members. It is among the list of deductions that may be made for a medical expense, and I quote:

for the care of the taxpayer, his spouse or any such dependent in a school, institution or other place of care that is specially equipped to provide care to persons who are physically or mentally handicapped and that admits for care only persons who are so handicapped,

There is an amendment to that clause which has been submitted by the government. It will make it clear that this provision extends to care and training as well as care alone. We feel that answers the question which the hon. member for Grenville-Carleton raised in connection with the disease dyslexia and which the hon. member for Brant raised in connection with perceptually handicapped children.

Yesterday the hon. member for Edmonton West raised the question of the guaranteed income supplement still being included in the computation of taxable income. The reason for including this supplement in income is to require that it be taken into account along with the old age security pension and other income in determining the extent to which an individual may be regarded as a dependant for tax purposes. It does not affect the taxation of the individual receiving the guaranteed income supplement. Indeed, at the present time no tax will be payable by that person. It does affect the taxation of persons who may be claiming a recipient of a guaranteed supplement as a dependent.

If the supplement were excluded from income, many elderly individuals would be regarded as receiving only the old age security pension of \$960 a year for taxation

[Mr. Mahoney.]

purposes and would be qualified as dependents even though they may be actually receiving at least \$1,620 a year. Under the system in Bill C-259, an individual does not cease to be a dependent for tax purposes when he has income in excess of \$950 a year, as is the present system. A taxpayer could deduct \$550 for his parent who had income of only \$960. The requirement that the supplement must be included in income will have the result that all individuals eligible for old age pension throughout the year will have at least \$1,620 income for tax purposes.

The hon. member for Peace River raised the matter of special concessions for northern residents under the Income Tax Act. There is no doubt that mechanically this could probably be done. However, it is a basic policy decision. It is a policy dealing with the northern territories and economy rather than a tax policy question. I really cannot offer to answer it beyond that point.

The hon. member for Brant raised the question of travelling expenses for handicapped persons. We have looked at this. We do not have any satisfactory answer to offer at this time.

The question of upgrading teachers and refresher courses was raised. In his speech, the hon. member was fair enough to cite most of the arguments against implementing his recommendation. I can only say that we place a different weight on the arguments against it than he obviously does.

The question of deemed realization on charitable donations, of items of property as opposed to money, was raised by the hon. member for Edmonton West. I prefer to deal with that question when we come to the capital gains section of the bill rather than under 109 and 110.

The hon. member for Edmonton West also raised the question of adjusting the provision dealing with eligible medical expenses, so that all such medical expenses would be prescribed by regulation. The bill before the House has made an amendment to the section dealing with appliances and devices to provide for that. The reason for that amendment in this particular instance is that technological advances in this area are proceeding extremely rapidly. In the opinion of the government, the law was not sufficiently responsive to these changes. It was necessary to be fair to taxpayers to provide a means by which deductions in this area could be allowed on a more rapid basis than has been the case in the past where an amendment to the act is required. However, on a general policy basis, deductions, changes in incidence of taxation of this nature, can be a very important decision. The government feels that Parliament should have the right to pass on them rather than the governor in council.

I think, Mr. Chairman, that tidies up the bulk of the questions to which I have not responded over the past few hours. I will check my inventory and no doubt I will have an opportunity to pick up any loose ends later.

Mr. Rynard: I wish to ask the parliamentary secretary a question. I was not clear on his answer with reference to nursing homes. Did I understand him to say that this might lead to people going into homes and claiming deductions when it was not necessary for them to go into these homes, thereby getting an allowance for living expenses?