

Income Tax

exemption was transferrable from one spouse to another. I said it was not, and the only exception to that was the exemption against income tax given to everybody of 65 and over. Obviously, the exemption can only be an exemption against income, and in the situation of most married couples 65 and over, it is only one of the couple receiving income against which the exemption can be used. As additional relief for couples 65 and over, the spouse who files an income tax return because he or she has income can use as an exemption not only the extra \$1,000 but also the exemption available to the spouse which the spouse would not be able to use otherwise because there was no income available.

Mr. Knowles (Winnipeg North Centre): That is the age exemption?

Mr. Turner (Ottawa-Carleton): This is the age exemption.

Mr. Knowles (Winnipeg North Centre): I appreciate the fact that the minister is making it clear that when there is only one taxpayer of two persons in a marriage, that taxpayer can claim the 65 or over age exemption for both parties. What I see at the top of page 183, however, has to do with the \$1,000 pension income on top of the age and other exemptions. What I am asking is, if there is a taxpayer who already gets the \$1,000 extra exemption because he is over 65, and another \$1,000 because his spouse is over 65, and if he has pension income of over \$1,000 and so does his spouse, do both of them get the extra \$1,000?

Mr. Turner (Ottawa-Carleton): No, Mr. Chairman, only the spouse who files the return. In other words, the \$1,000 pension income is not transferrable. If the other spouse has other sources of income, that exemption will be available. The hon. gentleman stated the case correctly for the 65 and over exemption, but there is no cumulative privilege for the \$1,000 pension.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I do not think the minister is satisfying me as easily as he satisfied the hon. member for Esquimalt-Saanich. Looking at the language at the top of page 183, it reads:

(5) Where the spouse of a taxpayer

(a) has attained the age of 65 . . . has received pension income in the year . . .

the taxpayer may, in addition to the amount, if any, deducted by him . . . deduct an amount equal to the amount, if any, by which the lesser of

(c) \$1,000, and

(d) the spouse's pension income or qualified pension income, as the case may be, for the year

exceeds

(e) the amount deductible in the year by his spouse under subsection (1) or (2) as the case may be.

The minister just said it is not transferrable at all, that if one spouse is the taxpayer he claims only the \$1,000 pension income exemption, but this clause seems to say there is something in addition that he can deduct. My unprofessional reading of this leads me to believe he can deduct something, but I cannot figure out what it is. Surely the minister is not right in saying that this clause provides there can be no additional deduction when the

[Mr. Turner (Ottawa-Carleton).]

words I have just read say he may deduct such and such. What is that such and such?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, we will look into that question.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, may we just wait a minute so there can be communication with those who know? I hope my point is clear. The minister has said there can be no extra deductibility, yet the words at the top of page 183 seem to suggest there can be deductibility in addition to what the taxpayer has already claimed.

An hon. Member: Is that true?

Mr. Turner (Ottawa-Carleton): I just want to make sure this is right, Mr. Chairman.

Mr. Knowles (Winnipeg North Centre): I suspect other members want to speak on this clause, so maybe my friend will work on it and get some word from upstairs, and we can come back to it later. I think the question deserves to be answered. While that is being done, Mr. Chairman, may I pose another question to the Minister of Finance? In doing so I want at the outset to admit and declare a conflict of interest.

Mr. Turner (Ottawa-Carleton): You are not that old.

• (1710)

Mr. Knowles (Winnipeg North Centre): Let me say at the outset also that having declared the conflict of interest in what I am going to raise, if the deduction which I think ought to be allowed is granted, I will not claim it when I file my income tax return. I am not putting on any halo; I just want to do what is right.

Mr. Nowlan: You have never taken your halo off.

Mr. Paproski: If Moses could deduct it, why couldn't you?

Mr. Knowles (Winnipeg North Centre): I happen to be a member of the International Typographical Union. I do not believe he was. Are there any other members here? The International Typographical Union has a pension plan which is in some difficulty. If I retire—and I say "if"—there may not be any money in it for me, so that is that. However, questions have been raised in the last year or so about the rights of the members of the International Typographical Union to claim a deduction for the payments they are making into that pension plan, on the ground that it is not the usual type of pension plan but a fraternal benefit arrangement. It was recognized for tax deductibility for many years, but within the last couple of years the plan has been questioned. Actually, the matter has been under dispute or discussion between the union and the Department of National Revenue. It may even be under appeal at present.

It strikes me, as I read the language of the bill, that the Department of National Revenue may have to disallow these payments into that plan. But I appeal to the minister to look again at the law or to ask the people of his department to look again at the law. The reason I do so is