

Income War Tax Act

the continuance of such employment. Under some of the companies' pension schemes—under our pension scheme—payments made into the pension fund by an employee may be repaid without the man leaving the employment, provided he withdrew from the plan, in which case he would lose the company's contribution also. Would that be in that class, or covered there? They pay in half and he pays in half to the pension fund, but the plan is that he can get it back in case he has sickness or for other cause.

Mr. ILSLEY: The hon. gentleman is talking about the offsets against compulsory savings, a matter which comes up later.

Mr. FRASER (Peterborough West): Well, this bill is so much different from the other, it has us all confused.

Mr. NEILL: In subsection 7 of section 5 it states:

(q) subsistence allowances of commissioned officers of the Canadian naval, military and air forces, except to the extent that such subsistence allowances in any case exceed \$1.70 a day.

Is that deductible from the refundable portion of the tax? Is that what it means?

Mr. ILSLEY: No. This was a provision that subsistence of officers should not be taxable except to the extent that the subsistence exceeds \$1.70 a day. In the past the subsistence allowance has been regarded as part of the income of the officer and, whether he received it or not, whether he got rations or an out-of-quarters allowance, it was fixed at 70 cents, to be very reasonable about it. But in making my proposals with regard to the relief of commissioned officers, I proposed that we wipe out the subsistence for taxation purposes, though only to the extent of \$1.70 a day. Some of the higher officers get much more than that, \$3, or more than \$3 a day. It is really income, there is no doubt about it, and a substantial part of income. But we are making it \$1.70.

Mr. NEILL: Does the officer get \$1.70 in every case even if he is living in barracks?

Mr. ILSLEY: Only if he is living out. The hon. member for Yale (Mr. Stirling) asked me to draw attention to changes, and I said I would as far as I could. There is a provision on page 10, line 23, which is an amendment to a provision of the Income War Tax Act relating to superannuation or pension funds or plans. The present provision of the Income War Tax Act is that lump sums may be paid by companies into their pension plans to augment them if they consider it necessary, and they may deduct from their income, for

[Mr. G. K. Fraser.]

taxation purposes, one-tenth per annum of that lump sum payment over the following ten years. That is the present provision in the law. This provision amends that and preserves the rights of those who have done that in the past, and is, we think, a much fairer arrangement. It provides for the opinion of an actuary and the advice of the superintendent of insurance and allows for serial payments as well as lump sum payments. It is a complicated question, but a great deal of thought has been given to it and I think it is an improvement on the old plan. I would not have mentioned it but for the fact that the hon. gentleman wanted me to call attention to any changes that were made.

I think I should also direct attention to the change at the top of page 11 with regard to medical expenses. There was some demand that we should add practical nurses, and we have gone to some extent in doing this. Everyone understands the dangers of evasion and the difficulties there would be if we went the whole way and simply included practical nurses along with registered nurses. But we have included "the salary or wages paid to one full-time attendant upon the taxpayer, his spouse or any such dependent, who was throughout the whole of the taxation period necessarily confined by reason of illness, injury or affliction to a bed or wheel chair and including also the salary or wages paid to one full-time attendant upon the taxpayer, his spouse or any such dependent who was totally blind throughout the whole of such taxation period and required the services of such an attendant." We have added that to the costs of attendants under such conditions, and it comes in as well as the expenses of nurses.

Mr. FRASER (Peterborough West): Would that be for a blind person registered with a blind institute?

Mr. ILSLEY: It applies to the totally blind, I do not know whether registered or not.

Mr. JACKMAN: I commend the minister for the change, but is it not unduly stringent where it says "spouse or any such dependent, who was throughout the whole of the taxation period necessarily confined by reason of illness, injury or affliction to a bed or wheel chair"? Does that not mean that the person must be a chronic invalid?

Mr. ILSLEY: That is the intention.