

Income Tax Act

Mr. Allen B. Sulatycky (Rocky Mountain): In enumerating the very positive benefits which will result to the people of Canada from the new and improved tax legislation that we have before us now, one of the important items not to be overlooked is the employment expense deduction of 3 per cent of employment income up to a maximum of \$150 a year for which no receipts will be required. This is something that the working people of Canada have long demanded. It is a real inequity when a person is required to purchase special equipment, tools or clothes in order to maintain a job and yet is not allowed to claim those expenses as legitimate expenses to earned income.

With this new provision in the Income Tax Act, anyone who has employment income will be able to claim up to \$150 a year without receipts for those expenses. It will work very much like the medical expense claim which has existed in our income tax structure for many years. A claim for \$100 for medical expenses is made as a matter of right by all taxpayers. Beginning next year all taxpayers in Canada who have employment income will be able to claim in addition either 3 per cent of their employment income or \$150 as a legitimate deduction because that amount of money is considered to have been an expenditure they have made in order to carry on their employment. I think this is a very important improvement in the interests of working Canadians.

As I said earlier, the aspect of this bill which gives me the greatest satisfaction deals with the senior citizens of Canada, the people of Canada who have reached the age of 65 years or more. Up to now, taxpayers of 65 years or over have enjoyed only the same personal exemption as any other taxpayers. Those 70 years of age or over have an additional \$500 personal exemption. When this bill is passed, not only will the taxpayers over 70 have that additional deduction but all taxpayers 65 years of age or over will have an additional exemption which will be increased from \$500 to \$650. In my opinion this represents another important step forward in the interests of our senior citizens.

There are a couple of other important improvements so far as the personal income tax structure is concerned. One is the allowance for moving expenses as a deductible item from income tax. Henceforth, from January 1, 1972 taxpayers who change jobs and are required to move will be able to claim the expenses of moving their households.

Lastly, the item I want to mention is the employer-paid living expenses for jobs at distant work sites. Until now, under our system, many employees were receiving living expenses when working at a distant work site. There are many people in my constituency who are in this category. The employer is paying the living expenses of that employee, and the employee must show those living expenses as an item of income and must pay income tax on the living allowances. The government has now recognized that in many cases this is an injustice. It is unfair to those taxpayers who are required to live at long distances from their home and for whom the employer pays the living expenses. In future, those living expenses will be a deductible item from the income tax.

I would like to touch briefly on some of the points that members of the opposition parties have made in the debate on this amendment and on some of the attitudes of

[Mr. Caouette.]

the opposition parties which I believe should not go unanswered. I have described in some detail the benefits of this legislation for the average taxpayer in Canada. These benefits will result in a total tax reduction for the Canadian people of one and a half billion dollars, which represents about 10 per cent of the total federal budget. In fact, it represents a very substantial tax reduction taken as an aggregate. But despite this reduction, the very important programs of the federal government must continue and revenues must be raised in order to continue those programs.

In addition to that, any system of taxation which we have must be seen to be fair. The people who pay the taxes must not look at the system and say that it contains many loopholes which are available to certain categories of taxpayers. In order to bring about justice and to close these loopholes, it is perfectly clear that some categories of taxpayers, certain businesses, and certain special interest groups will have to pay more tax. No one is attempting to deny that. This is a fact that no one can hide.

However, what the Leader of the Opposition (Mr. Stanfield) is attempting to do is to protect those people who will be required to pay more taxes when he says that we should split the bill, give the benefits, but not pass any other portion of the bill until we study it further. I am sure that none of us really believe that the people of Canada are stupid, but that appears to be what the Leader of the Opposition is almost about to believe when he thinks that the people of Canada will accept that sort of suggestion. The people of Canada understand that when we are going to make massive tax cuts, as there are under the bill, someone will have to pay more. In searching for words to describe this lack of understanding on the part of the Leader of the Opposition—

Mr. Thompson: Don't search too hard, Allen.

Mr. Sulatycky: —the first word that came to my mind was "unaware". However, I would not want to accuse him of being unaware and it seems to me more appropriate to refer to the Leader of the Opposition as being "under-aware". I would think that the Leader of the Opposition is "under-aware" of the facts and of the wishes of the Canadian people. Especially in these cold winter months,—

Mr. McBride: He is long on Johns and short on dollars.

Mr. Sulatycky: —people will think of the Leader of the Opposition as being "under-aware" when they think of his stand on this particular bill.

Mr. McCleave: What dignity you people add to this place.

Mr. Sulatycky: The Leader of the Opposition also said that it is a complex bill. Naturally it is complex. Any tax statute dealing with income tax in a complex, modern society must be complex. If it were not going to be complex why would it have required ten years to produce something that would obviously be regarded as fair?

• (3:30 p.m.)

There is only more point I want to make with respect to the attitude of the Conservative party and the Leader of