

*Income Tax Act*

will also be extended to taxpayers who are confined to bed or a wheelchair and to the blind.

In my budget of last May, I spoke of the growing financial burden facing students and their families in meeting the rising costs of higher education or vocational training. Traditionally, we have tended to think of education and training as the problems of youth alone. Increasingly, however, education and training are becoming a continuing process. More and more Canadians and an ever larger number of adults, particularly married women, are resuming their studies in order to obtain more interesting and better paying jobs to widen their own horizons in life. The costs of education and training have been climbing, and there are indications that these factors are weighing heavily against decisions to proceed with education or training. Hence, the need to propose measures to encourage the efforts of students and their families to invest in further education or training.

The bill before us provides a new deduction related to the cost of obtaining education, which will be in addition to the existing deduction for tuition fees. This new measure will provide for a deduction of \$50 per month per student for each month in the year during which the student was in full-time attendance at certain educational or training institutions. It will be applied to full-time attendance in a qualifying educational program at educational institutions providing courses at the post-secondary level, and also at educational institutions certified by the Minister of Manpower and Immigration in connection with the present tax provision affecting tuition fees. The deduction will be available to the student, but to the extent that she or he cannot make full use of the deduction, it will be available to the student's parent, husband or wife.

A further proposed amendment affecting individuals relates to medical expenses. This is an area which requires continuing surveillance to make sure that the hardship cases are dealt with quickly and adequately. To this end, the bill proposes to include as a medical expense for tax purposes an amount paid as remuneration for a full-time attendant to care for a taxpayer, his spouse, or other dependent, in a domestic establishment in which the cared for person resides. This will be available upon certification by a doctor that the person is incapable of self-care for what is likely to be an indefinite period.

It is also proposed to include as a deductible medical expense amounts paid to commercial transport services for transportation of a taxpayer or his spouse, or dependent, and an attendant if necessary, to and from a hospital, clinic or doctor's office to which the individual has travelled a distance in excess of 25 miles to obtain medical services not otherwise available nearer home. I believe that this will be of untold benefit to those living in smaller communities across Canada where some of the specialized medical services are not close or easily available and where Canadians go to the larger centres for more specialized treatment.

• (1520)

There are also several proposed amendments concerned with deductions at source, a matter of considerable

[Mr. Turner (Ottawa-Carleton),]

importance to many individuals. First, there is an amendment which would permit a taxpayer to elect to have tax deductions made at source on income such as pension benefits. Ordinarily, this type of income is not subjected to source deductions, but a number of taxpayers have asked that they be given the option to pay their tax liability on a periodic basis. This could prevent the need to meet a large year-end tax liability.

Second, the income tax regulations have for many years authorized a reduction of the amount of tax normally deducted from payments at source, where deduction of the full amount would cause hardship. This might be done, for example, where a taxpayer had little other income and was likely to end a year with little or no tax liability. An amendment is proposed to place this authority in the Income Tax Act rather than in the regulations.

Finally, in this regard, individuals who earn income that is not subjected to deductions at source are required to pay instalments during the year as a payment against their tax liability for the year. In order to ease the financial and paper work burden facing many of our low income taxpayers, especially pensioners, an amendment provides that instalments will not be required if the individual's federal tax liability for the preceding year did not exceed \$400.

In this bill there are several important proposals concerning taxation of retirement income plans. It is proposed to amend the definition of earned income used in determining the amount an individual may deduct as a contribution under a registered retirement savings plan. The amendment provides that the deductible amount of a retirement savings or pension plan contribution, will not be subtracted in computing earned income. The effect of the prior law was to reduce the maximum contribution permitted to be deducted from an intended 20 per cent of earned income to approximately 16 2/3 per cent of earned income. This amendment will correct that anomaly.

It is also proposed to treat a refund of premiums from a registered retirement savings plan received by a beneficiary through an estate in the same way as if the payment were received directly from the plan. In the result, a spouse will be able to invest the amount as a contribution to another registered retirement savings plan or use it to purchase an income averaging annuity.

In certain circumstances, tax on the post 1971 appreciation in value of shares or other securities received from a deferred profit sharing plan on retirement, death or withdrawal will be deferred until the recipient eventually disposes of the securities. The recipient's cost for tax purposes at the time of receipt will be based upon the amount he would have received upon withdrawing from the plan on January 1, 1972, plus amounts allocated to him after 1971. In effect, this amendment will provide a form of rollover treatment for securities distributed by a deferred profit sharing plan to its members.

I would now like to mention in general terms a number of amendments contained in Bill C-170 before the House which provide assistance to the farmer. Most important, an amendment is proposed which will permit a farmer to transfer his farm to his children free of capital gains tax at the time of his death. This exemption from the general rule of deemed realization of capital property at death is