

Income Tax Act

employment or not as he chose. He would know that the cost of providing that particular clothing would be part of his cost in taking the job in question.

Mrs. Fairclough: Of course anyone in this country is pretty well a free agent with regard to the type of employment he takes. The minister will recall that in recent years quite a few cases have gone to appeal, mostly concerning self-employed persons. Many of these cases had to do with musicians. One man may form a band and employ a dozen men to work for him and the clothing they are required to wear on the job is of no use anywhere else. Yet they are told that those are working clothes. But the clothes worn by the policeman or fireman or the member of the armed forces are also working clothes. Why should there be any distinction between one class of employee and another?

Mr. Harris: When I became a minister of the crown I found that on occasion I had to wear a silk hat. I had to buy it and I did not claim a tax deduction.

Mrs. Fairclough: Would the minister consider that as part of his working clothes?

Mr. Fleming: Mr. Chairman, just at the close of the discussion last evening I asked the minister if he would reconsider this clause, particularly the words "of any kind whatsoever". The explanation given by the minister for seeking such an amendment certainly does not justify words as wide in their application as these. Surely the matter warrants some reconsideration.

Mr. Harris: I have given some consideration to it. It is not intended of course to use these words to extend the present tax which is imposed under certain conditions. Two cases were heard by the income tax appeal board and in one instance it was held that these words did not restrict the benefit that might be taxed to board and lodging and in the other case it was decided that they did. Rather than wait until we find we have lost the assessments in connection with a particular class or group of taxpayers it was decided to provide in the law that the present assessments which were of the kind I mentioned last night, that is gifts of furniture and matters of that kind, would continue to be assessed with the sanction of the law.

I am free to admit that if one could draft a clause which would set out all the known kinds of benefits that are given by employers it would be more desirable, but these fluctuate from time to time and are very numerous. I suggest to the committee that we do this on the basis that I have suggested, namely that

we do not intend to extend the present practice of assessing every kind of benefit I described last night, and then if at a later time it is brought to my attention that there has been an increase in the class of gifts or benefits provided for I will agree that that was not intended and we would then have an amendment to provide for it specifically. If we tried to define the several kinds of gifts we would only end up as we are now with having to have some general clause which in itself would be just as broad and as indefinite as the present words in this.

Mr. Monteith: I am very pleased that the Minister of National Revenue is here tonight to hear the Minister of Finance's words because after all he has gone on record as saying that he follows the letter of the act. This states "of any kind whatsoever". I am afraid that it will instil in the minds of the tax collection department the idea of doing exactly that. No matter what the intention of the Minister of Finance may be tonight, it is set out very clearly that this is going to authorize the Minister of National Revenue to collect any kind of such benefit, no matter what it may be.

Mr. Fleming: I have just this concluding word to say. We are quite prepared to examine any situation to arrive at a decision as members as to whether it is fair that such benefits should be included within the scope of taxable income or not. The minister has said it is not intended to go beyond the present administration in seeking to define the inclusive nature of certain benefits. If that were all the government wished to do then I do not think there is any case for introducing these words, but, as I say, where there are individual situations we are quite prepared to examine them on their merits.

However, what is proposed in this amendment is that everything imaginable that can be classified as a benefit passing to an employee as a term or incident of his employment shall be construed to be income and therefore taxable. It seems to me the wrong place to put the generalities. Parliament should know with some regard for detail and specific application what kind of taxes it is applying, and not enact this broad omnibus provision when all we have put before us to justify it is in essence one particular situation. If there is nothing more than that by way of protection for the individual in this country then we cannot support the addition of those words of wide and sweeping scope to the present definition.

Mr. Monteith: May I ask a further question of the minister? Is he in a position to define just what value might be put on board and lodging in any certain circumstances, or is