

Income Tax

tax reform has not redistributed income in this country as many of us believed it would.

One of the objectives of any sane parliament in 1977 is, surely, to attempt to improve the conditions of those people in this country who are poor, those who do not have enough money to buy colour television sets and new cars, paint their houses or take vacations, and the like. One way of making conditions better for them is by giving them tax breaks, and one of the ways of doing this is by amending clause 4 which is before the committee. We should make provision for a tax credit in place of the exemption which the minister has already rejected.

● (1532)

I suspect that the minister personally sympathizes with the idea of a tax credit, but that he feels the problem lies with the bureaucrats in the department who do not want to change the old, conservative way in which they have been doing things. If this is unacceptable, then my other suggestion is that we give workers with legitimately high employment expenses a tax break by way of a deduction similar to that allowed businessmen who legitimately incur high expenses. If both these suggestions involve too much bureaucratic difficulty, then why not establish a floor of, say, \$250? If that is unrealistic, then perhaps it should be \$300 or \$200. I will leave that to the statisticians of the Department of Finance. Then workers with legitimately high expenses can be compensated. I would ask the parliamentary secretary to respond to my suggestion and tell me why this cannot be done.

May I make one other point before the parliamentary secretary replies. As a result of our research, we have found that Canada is probably the most rigid industrialized country in the world so far as not allowing workers to deduct legitimate expenses is concerned. If other countries in the European Common Market and the United States can do it, Mr. Chairman, why not us?

Mr. Lumley: Mr. Chairman, as my minister related to the hon. member the other day, the hon. member is advocating a basic structural change to the tax system. What he is saying is that our tax system is not progressive enough. Some may agree with him, and others do not totally agree. However, I am sure the hon. member will agree that there must still be a method of defining exactly what is taxable income. The employment expense deduction is a method of trying to determine what is taxable income.

The hon. member referred to the royal commission on taxation. During the arguments presented to the royal commission, the commission looked very favourably on an employment expense deduction and came to the conclusion that the most fair way to implement a deduction of that nature was to apply it on a flat-rate basis. There will always be differences of opinion as to what the base figure should be. A few years ago it was \$150. It is now \$250. I am sure the hon. member appreciates that we receive representations from people in all walks of life. Special categories are set up to meet individual cases. Moving expenses apply to all categories.

If I may reiterate what my minister said to the hon. member the other day, although his opinion on a more progressive tax system may be valid, I am sure he will agree that we still must have a method of defining what is taxable income, which is why we use the employment expense deduction.

Mr. Nystrom: Once again, Mr. Chairman, I understand the argument of the parliamentary secretary. In response to a question which I put to the Minister of Finance on Monday, the minister said that if we were to account for all the legitimate expenses of workers the task would be an absolute nightmare and it could not be done. I agree that it would be a bureaucratic nightmare if every worker was dealt with individually. But would the parliamentary secretary deal with my specific point about establishing a floor of, say, \$250 which everyone could claim? Then if people submitted additional vouchers claiming higher expenses, they could be given a credit. I said that perhaps my figure of \$250 should be \$300, or more or less, but only a small number of workers would be involved and there would be more equity. I am thinking primarily of people who live in rural areas and who travel some distance to work, such as people in Newfoundland and places like that. Their expense of getting to work is higher than those who live and work in large metropolitan areas.

Mr. Lumley: Mr. Chairman, as the minister told the hon. member two days ago, it would be an administrative nightmare—in fact, virtually impossible—to have a voucher system for each individual who wants to claim an expense of this nature. I am no expert on the implementation of a system of this nature, but our officials say that it is almost impossible.

[*Translation*]

Mr. Allard: Mr. Chairman, I would also like to make a few remarks on the amendment in clause 4 of Bill C-11. There we find that a taxpayer will be allowed to ask for a deduction, not exceeding \$250, equal to 3 per cent of the income from an employment or an office.

We are all aware that the cost is tremendous for any worker who has to travel to go to work. We all know that inflation has a direct bearing on people's income and that travelling by car, especially in cities where traffic is heavy, requires more highways and so on.

On March 28, I suggested to the House, through a motion under Standing Order 43, that any worker using public transport to go to work be allowed to deduct all such travelling expenses from his income tax. This would naturally have the effect of stimulating Canadian workers to use public transport.

This would allow for the deduction of expenses incurred to go to work. Obviously, if there are 50 workers who use public transport, who take the bus, there will be that many drivers off the roads. This would also save a very great quantity of energy, particularly at a time when it is a source of concern because of its high cost; thus, this would have the effect of saving energy. At the same time, there would be some savings on the many grants the government must give for the construction of roads, etc.