

## Old Age Security

committee, I should like to have inserted in *Hansard*. May I have this permission, Mr. Chairman?

**The Chairman:** Is it agreed?

**Some hon. Members:** Agreed.

[*Editor's note: The table above referred to is as follows.*]

## Revenue from O.A.S. taxes in dollars

Year	Sales (millions of dollars)	Indi- viduals	Corpo- rations	Total
1956-57	179.3	125	67.3	371.6
1958-59	173.6	146.4	55.3	375.3
1960-61	270.2	229.4	103.5	603.1
1961-62	284.9	259.0	100.1	664.0
1962-63	302.2	273.6	115.3	691.1

## Proportion of O.A.S. tax revenue from each tax

Year	Sales	Indi- viduals	Corpo- rations
	%	%	%
1956-57	48.3	33.6	18.1
1958-59	46.3	39.0	14.7
1960-61	44.8	39.0	17.2
1961-62	42.9	39	15.1
1962-63	43.7	39.6	16.7

**Mr. Benson:** This table shows that going back to 1956-57, the old age security portion of the sales tax yielded \$179.3 million, the tax on individuals yielded \$125 million, and the corporation tax \$67.3 million, for a total of \$371.6 million. This increased each year until in 1962-63, which is our last completed fiscal year, the sales tax contributed towards the old age security fund \$302.2 million, the tax on income of individuals \$273.6 million, and finally the corporation income tax yielded \$115.3 million, for a total of \$691.1 million. If one looks at this on a percentage basis he would find that in 1956-57 the sales tax was yielding 48.3 per cent of the total contribution to the old age security fund, the individuals income tax 33.6 per cent, and the corporation income tax 18.1 per cent. Moving on to 1962-63 one would find that the sales tax yielded 43.7 per cent of the total contributions to the old age security fund, the individuals income tax 39.6 per cent and the corporation income tax 16.7 per cent.

The withdrawal of sales tax exemptions for building materials and production machinery announced in June 1963 will increase the old age security tax revenue from the sales tax by approximately \$90 million a year commencing in April 1965. The rate of tax on corporations in Canada, including the old age security tax and provincial income taxes, now is 52 per cent in Ontario and

[Mr. Benson.]

Quebec, 51 per cent in Manitoba and Saskatchewan and 50 per cent in the remainder of Canada. The government considered it inadvisable to increase these rates at this time. One will find when the Canada pension plan is passed, as I am sure it ultimately will be by this house, that the employers will have to make additional contributions based on payrolls to the Canada pension plan, and this will largely affect corporations.

It was thus considered that an increase in social benefits to be financed on a pay as you go basis should most appropriately be paid for by contributions by individuals. The increase in tax for each individual is not large; in fact the increases per year for those with smaller incomes is quite small. This is shown in a table which, with the permission of the committee, I would like to insert in *Hansard*.

**The Chairman:** Is it agreed?

**Some hon. Members:** Agreed.

[*Editor's note: The table above referred to is as follows:*]

Effect of increase in the rate of old age security tax on personal income from 3 per cent (maximum \$90) to 4 per cent (maximum \$120).

## Single taxpayer—no dependant

Income	Standard income tax*	O.A.S. tax (present rate)	O.A.S. tax (new rate)	Increase in tax
	\$	\$	\$	\$
\$1,000	—	—	—	—
\$1,500	—	12	16	4
\$2,000	99	27	36	9
\$2,500	166	43	56	14
\$3,000	236	57	76	19
\$4,000	403	87	116	29
\$4,100	420	90	120	30

## Married taxpayer—no dependant

Income	Standard income tax*	O.A.S. tax (present rate)	O.A.S. tax (new rate)	Increase in tax
	\$	\$	\$	\$
\$2,000	—	—	—	—
\$2,500	44	12	16	4
\$3,000	99	27	36	9
\$3,500	166	42	56	14
\$4,000	236	57	76	19
\$5,000	403	87	116	29
\$5,100	420	90	120	30