

*Income Tax Act*

repairs to the human body it is a different story. You can deduct expenses for repairs of that kind only after they exceed 3 per cent of your personal income. In my view that is a discrepancy and an unfairness that should be corrected. If it is proper in the view of the government that the cost of repairs to property should be considered a deductible expenditure for income tax purposes starting with the first dollar, the same should apply to expenses for repairs to the human body, or medical expenses, right from the first dollar.

I must say that I am indebted to a friend of mine in the press gallery for drawing to my attention just after a debate similar to this one finished a year ago a letter which appeared in the *New York Times* in February, 1954. I do not know the Leslie Handler who wrote the letter, but he certainly knew what he was talking about. He discussed the effect of the federal administration's taxation program in the United States. He discusses the very point I have tried to make this afternoon, namely that in that country—and the same thing is true here—better consideration is given by the income tax authorities to repairs to property than is given to necessary repairs to the human body. I would like to quote from this letter which appeared in the *New York Times*:

Take the matter of repairs. All reasonable costs of necessary repairs to business property are good tax deductions. But if an individual suffers illness he may not deduct medical expenses unless they exceed 5 per cent of his gross income.

That of course refers to the United States. The writer goes on to point out that there are maximum limits as well. Later on in this same letter the writer puts it this way:

My suggestion is to treat the taxpayer as a person no worse than we treat his property. At least let him deduct the cost of the "repairs" to his person without limitations.

As I said, I hope the Minister of National Health and Welfare still has additional copies of the excellent speech he made on Saturday and that he will send a marked copy of it to his colleague the Minister of Finance (Mr. Harris) and remind him that it is the view of the government that good health is a proper national concern, and that it is also the view of the government that our greatest national asset is the health and well-being of our people.

If it is the view of the government that the health of the people is our greatest national asset, surely that asset should be given at least as favourable consideration by the Minister of Finance when he comes to income tax matters as that given to other assets such as property.

That, Mr. Speaker, as hon. members know, is the purpose of the motion now before the

house. This motion asks that the government give consideration to the advisability of introducing legislation amending the Income Tax Act so as to remove therefrom the 3 per cent floor in relation to the deductibility of medical expenses for income tax purposes. The aspect of the legislation which requires to be amended is well known, but—

**Mr. Dickey:** Would the hon. member permit a question? I am just wondering if the hon. member would be good enough to tell us if, following out the logic of his argument up to now, he would also suggest that a formula be worked out so that taxpayers could charge some rate of depreciation each year in accordance with advancing years?

**Mr. Knowles:** As a matter of fact, Mr. Speaker, the parliamentary assistant to the Minister of Defence Production (Mr. Dickey) must have seen the letter in the *New York Times* to which I refer. He shakes his head. Well, this writer in the *New York Times* suggests exactly that, in addition to the proposal he made. Perhaps I could better put it this way. He believes that some allowance should be made for the depreciation of the human body, but because of the difficulties involved in such a course—and this is the whole point of the letter—the government should at least allow the deductibility of medical expenses right from the first dollar rather than after a certain percentage of income.

Now, Mr. Speaker, despite the fact that this matter is pretty well known I was about to say that perhaps one or two facts about the legislation and what we are trying to do might once again be put on the record.

As hon. members know, the provision for the deductibility of medical expenses for income tax purposes was first brought in by Mr. Ilesley when he was minister of finance. It was brought in so as to apply for the year 1943. In that year deductibility was allowed for expenses in excess of 5 per cent of one's total income.

In 1944 we had a debate in this house during which it was urged that the floor be removed or the percentage reduced. Despite the fact that Mr. Ilesley made no reference to this in his budget speech he did respond to appeals made from the floor of the house and during the 1944 session the 5 per cent floor was reduced to 4 per cent. It stayed there until 1953.

As hon. members know, a good many speeches were made in the interval and a good many appeals were made to the government in this regard. We had motions, procedural difficulties, and many debates on the issue. Finally, and I think it is fair to say as a result