

## Income Tax Act

am informed that there has been put out a book which enunciates the principles which are followed in approving these plans.

I am not in a position to argue, nor shall I attempt to, the merits of the particular plan to which the hon. member has referred. All I can say is that the further representations which he has made today will be brought to the attention of the Minister of National Revenue and his officials. I do not know whether the hon. member has brought out any new facts today, but I cannot attempt to make any critical analysis of the plan because the responsibility of approving or refusing to approve the plan does not rest with me. I do not know that I can add very much so far as the hon. member's grievance that this particular supplemental payment has not been allowed is concerned.

**Mr. Knowles:** I thank the minister for the attitude he has taken and I appreciate that the representations I have made today will be referred to the Minister of National Revenue. I trust that this case will be looked at from scratch and not on the basis of a decision already given. Since my representations are being turned over to other authorities may I take just a moment longer to point out that one of the arguments used against this plan and which was contained in a letter to the union was as follows:

When employee contributions are deductible for tax purposes, they must be withheld and paid over by the employer.

That is one argument that the official used, namely, that these payments were not withheld by the employer and paid into a fund, but were withheld by the employees' own organization, namely, the union. I should like to answer that by quoting the wording of the latter part of section 11 which refers to money paid into or under a fund or plan by a taxpayer as part of his union dues for the year as a member of a trade union. In other words, the law provides clearly, not only for the kind of payment that is withheld by an employer and paid into a fund but also for the kind of payment that is made by a taxpayer as part of his union dues.

As I said before, a good deal of the argument of the officials who have rejected this plan thus far dwelt on the theme that this was more a savings scheme than a pension plan. Any pension plan that is based on building up a fund might be called a savings scheme as distinguished from the pay-as-we-go plan that is going to be brought in with respect to old age pensions.

I have tried to give this case the best study I could, partly because of my relationship

with these fellow trade unionists, but also because I wanted to make an objective study. I feel that a wrong decision was arrived at by the official concerned and I hope that the new study which is to be made at the request of the minister will result in a change.

**Mr. Fleming:** I have one question to ask which is prompted by the word "insurance" on page 4, line 24, of the bill, which sets out subsection 12 of the new section. Is there any reason why unemployment insurance premiums should not be included within the scope of this remedial exemption?

**Mr. Abbott:** This relates entirely to amounts paid as part of what are defined as union dues. It has no relation to any other payments. As the hon. member for Winnipeg North Centre has pointed out, if the union dues were \$5 per month and \$2 per month represented a contribution to an approved superannuation plan or any superannuation plan, the \$3 per month would be deductible for income tax purposes and, if it were an approved superannuation plan, the \$2 would be deductible under the other section. This section is intended to apply only to payments which form part of union dues.

**Mr. Fleming:** I was dealing with the principle of the matter. If you are making an enlargement of the present deductions, why should you not include unemployment insurance?

**Mr. Abbott:** If we were going to do that I do not know why we should not allow as a deduction for income tax purposes payments on all forms of insurance, for all risks such as fire, life, sickness and so on. That has not been considered practicable.

**Mr. Argue:** I should like to advocate an extension of the type of dues which may be allowed as deductions for income tax purposes. I raised this matter in the committee stage on the resolution. It is now provided that professional people of all kinds may deduct dues for income tax purposes, and this principle is being extended to union dues. But there is one main group of Canadians who cannot deduct the dues they pay for income tax purposes. I refer to our farmers.

**Mr. Abbott:** Is the hon. member referring to the ordinary farmer in business for himself who grosses up his income and deducts the expenses of earning it?

**Mr. Argue:** I do not think the general farmer can deduct the dues he pays to a farmers organization.