

Income Tax Act

firefighters without whom fire protection could not be made available in a host of communities . . .

For all those reasons, Mr. Speaker, it is important that a member of this House make representations to the government for a solution to a double problem, firstly the recruiting and secondly the retaining of volunteers, since communities are faced with a constant flow of resignations. This must be appraised not only in the light of the few illustrations I have just given, but across the country. In the province of Quebec alone there are nearly 4,000 people acting as volunteer firefighters. It is easy to imagine how many people across the land would like to see their services adequately recognized. Because, as they themselves suggest, this is a service to the community, and the federal government is imposing a penalty with an astronomically high tax rate.

As I said earlier, I would not like to see that motion talked out, I would very much like that it be referred to committee. I therefore conclude by asking all hon. members to support the motion, and indeed to refer it to committee.

● (1722)

[English]

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): Mr. Speaker, first of all may I congratulate the hon. member for Villeneuve (Mr. Caouette) for bringing forward this motion for debate at this time. It is with great pleasure that I rise to take part in this private members' hour and give support to the motion put forth dealing with tax concessions for members of our volunteer fire departments.

The motion asks the government to consider the advisability of amending the Income Tax Act in order to exclude from taxable incomes all indemnities received by volunteer firemen in the exercise of their duties as well as to allow such firemen deduct from their income all expenses incurred in the exercise of their duties.

I have had recent and considerable conversation and correspondence with volunteer firefighters in my particular area. The hon. member for Villeneuve mentioned that many of the fire departments and firefighting associations in his area express a desire that \$1,000 be the deductible amount from income tax. While I agree in principle with the resolution, I have to differ with the motion in substance and to this end, at the conclusion of my remarks, I will propose an amendment to the resolution which I hope will find favour not only with the members of this House but with the government as well. I hope it will be accepted for sincere and serious consideration by the government prior to the completion of this debate.

This subject, Mr. Speaker, was recently driven home to me in a serious way when volunteer firefighters in my area began contacting me about a reassessment problem that they were having with Revenue Canada following an audit of municipal books by the tax department. It appears that certain sums of money were unaccounted for, and it was realized that these sums had been given in the form of honorariums to volunteer fire departments. As you can guess, Mr. Speaker, the individu-

[Mr. Caouette (Villeneuve).]

al firefighters shortly thereafter began receiving reassessment notices from Revenue Canada. This caused a considerable stir in my section of the country and in many of the small communities served by volunteer firefighting groups.

As a whole I would like to express my sincere thanks to the Minister of National Revenue (Mr. Guay) and his officials for the consideration they have given to the reassessments and the commitment given to me in writing to limit their reassessments of the tax to the one year period of 1976 from a previous assessment of up to four and five years back in income tax returns. The minister's action was certainly appreciated by myself and by the volunteer firefighters of the county. I do not know how many other hon. members had the same thing happen to them in the last year or so, but I can guarantee to each and every one of them that if and when it occurs they are going to be confronted by a deluge of angry volunteer firefighters at their doors wanting to know what is going to happen about that reassessment.

The firefighters realize, of course, that in many instances they were at fault in not reporting the revenue they had received as volunteer firefighters. They realize, as do the hon. members in this chamber, that all income must be and should be reported as income in their income tax returns. I must add that they honestly and sincerely looked upon those payments, not as an income but as a true honorarium for the services that they unselfishly bestowed upon their communities.

As you know, Mr. Speaker, the basic principle of our income tax law is that generally no deductions are allowed in respect to personal and living expenses. However, exceptions are made where the expense incurred personally by a taxpayer or a group of taxpayers resulted in a social or economic benefit to the community or to taxpayers at large. I must say that no other segment of our population fits into that example as do our volunteer or part time firefighters. They fitted into that example when it was introduced in 1951. They continue to do so today, and will do so with ever-increasing importance in the years to come.

The Royal Commission on Taxation, which undertook an extensive study of the Canadian income tax system some years ago, strongly recommended at that time that this principle be maintained. Therefore, the tax exemption in respect to volunteer firemen was granted as an exception to the rule. The rule was that all income must be taken into account. I strongly believe that our volunteer firefighters across the nation continue to contribute personally to their community with respect to social and economic benefits now more than ever before.

I was surprised and appalled to receive in some of my correspondence with Revenue Canada and the finance department, in answer to one of my letters, this statement which reads as follows:

The tax exemption was introduced at a time when the services of volunteer firemen were very necessary to communities and, in some area, were the only such services provided. Today, these services are generally provided by provincial, municipal or other local governments and the services of volunteer firemen are not as widespread throughout Canada as before.