

Private Members' Business

ments. In 1974, the Law Reform Commission estimated that in as many as 75 per cent of all cases, people defaulted on their payments.

It is obvious that single parent women—and I am aware my time is running out—are particularly vulnerable economically, and we can turn this situation around to some extent by providing for a tax scheme that would meet their needs.

• (1825)

The government could give this question serious thought and do so quickly. It should revise concepts that are very damaging to the economic security of women who are single parents.

The Bloc Quebecois is therefore in favour of amending the Income Tax Act so that child support payments are no longer considered taxable income for their recipients.

[English]

Mr. Jim Silye (Calgary Centre): Madam Speaker, the motion we are debating today, that in the opinion of the House the government should amend the Income Tax Act so that child support payments are no longer considered taxable income for the recipients, serves one major and very useful purpose. It draws attention to one of the major problems of single parents, mainly women, and the high cost of raising children.

This issue should be discussed in the House and all its related problems and solutions pointed out. This I will do further on in my speech.

This motion implies that somehow the current income tax laws on alimony and maintenance payments are unfair, contribute to the problem and therefore should be amended. On this point I disagree as do the majority of my colleagues in the Reform Party.

The logic is that since the money is paid to a parent in support of raising children, by taxing this income governments are taxing our children.

This particular logic is fundamentally flawed and the alternatives suggested by this motion may result in children being even worse off.

Under the current Income Tax Act, section 60(b) and (c), the supporting parent is permitted to receive a tax deduction for alimony and maintenance payments while the receiving parent is required, under section 56(1)(b) and (c), to include the receipt of such payments as income if the amount was received under an order or decree made by a competent tribunal in accordance with the laws of a province.

Therefore we are assured that tax is being paid by one parent and the income is not double taxed.

In addition, the receiving parent is given a child tax credit similar to any other parent raising children.

Therefore the alternative in this motion, which suggests a complete overhaul of sections 60 and 56 of the Income Tax Act, may result in less moneys going to the recipient.

Revenue Canada argues that it gives tax breaks to parents who make support payments to compensate them for the loss of dependent deductions lost after a divorce.

In other words, the support recipient now receives the child tax credit and the personal tax exemption which was being deducted by the supporting parent.

This confirms an important accounting principle that is the very basis of the Income Tax Act that where a taxpayer claims a deduction in respect of an expense, the recipient should pay the tax on it.

Herein lies the major problem to the motion before us today. Who will pay the tax on the child support payment if it is no longer considered taxable income for the recipient?

As alluded to before, it is logical to argue that if it were non-taxable for the recipient then Revenue Canada would make it non-taxable for the parent making the payment.

Then my question would be would this result in lower maintenance payments by the supporting parent?

Would this motion, if adopted, generate less revenue to the recipient than the status quo?

The rationale for the current system is simple and sensible. First, the spouse who claims the child tax deduction should also be the one responsible for claiming the income associated with raising the child.

Second, if this money were not to be taxed at all it would create a situation in which separated families are given preferential treatment under the Income Tax Act to that granted to complete families, especially if the receiving spouse is also allowed the child tax credit.

Third, the tax deduction makes the payment of child support more attractive and enticing for the supporting parent to make despite the statistics mentioned by the former member of the Bloc Quebecois. This is a major concession on the part of Revenue Canada because there are no limits to the amount. All that is needed is an agreement.

• (1830)

Fourth, the current arrangement can have an income splitting effect whereby between the two parties less tax is paid overall and more money is available for the child.

Fifth, good, bad or indifferent, whatever the point of view, the current system maximizes the support payment for maintenance.

Having stated why the current system is probably as good as can be expected, I would like to address some of the problems that the motion tries to correct.