

The mandate of this Sub-Committee should be interpreted widely enough to seek an end to Revenue Canada's restrictive interpretations that serve only to discourage and make it more difficult for academics.

It is clear that the federal government has not developed a coherent policy towards artists and scholars employed by universities. On the one hand, federal departments and agencies such as NSERC, SSHRC, MRC and the Secretary of State provide financial support for the arts, university research and scholarship, but on the other hand, Revenue Canada's restrictive rulings often partially counteract the value of such aid. It is clearly inconsistent on the part of government to call for the development and protection of the arts in Canada (and to appoint a Royal Commission to examine the question) and at the same time to countenance the singling out of artists and writers by disallowing deductions for professional expenses. It is similarly inconsistent for Mr. Lalonde to prepare legislation to provide tax incentives to encourage research and development and then to tax in a restrictive manner employees such as academics who conduct much of this country's research.

In order to have a consistent policy towards research, research-related as well as teaching-related activities, s. 8(1)(i) of the *Income Tax Act* should be amended to allow employees to deduct from employment income expenses incurred by employees in the conduct of their research or teaching duties which are required by their employment contract, or necessary for promotion, salary increments and tenure.

A reasonable solution to the problem would be to accept the first recommendation of the CAUT brief to the Sub-Committee:

That where employees are required to conduct activities of a scholarly, artistic or research nature, properly receipted expenses which are not reimbursed by an academic institution or grant be deductible from employment income by such employees in the year of expenditure.

The *Income Tax Act* already provides for the deduction of research expenses from grants. (Section 56(1)(o)).

By this recommendation, CAUT proposed that the deductions allowed under s. 56(1) be added to s. 8(1)(i). In addition, CAUT proposed that s. 8(1)(i) be further amended to allow deductions for professional expenses incurred:

- a) in the purchase of scholarly, scientific, professional books, journals, videotapes, artistic materials, and/or computer programmes, and including computer time;
- b) for up to two professional, scientific or scholarly meetings per year;
- c) for membership dues in professional, scientific and/or learned societies.

Academic activity, whether it be to create and teach art or to undertake research, write and teach, has the common objective of pushing back the frontiers of knowledge and creativity. The above recommendations recognize this reality and seek to avoid the error and inconsistency of establishing conditions for one group of individuals yet restrict their application to others in the same community. I believe these recommendations are consistent with the fair and equitable treatment of the artistic and academic community and should have been included in the Sub-Committee's Report.