

Income Tax Act

They are things that we might be able to do without, so we are taxed with them. Sickness is an expense which nobody invites and is to some a tragic expenditure, yet it is not deductible for income tax purposes, or very little of it. Therefore we in this group support the resolution and urge the minister to do something about it.

Mrs. Ellen L. Fairclough (Hamilton West): Ever since I have been in the house I have supported motions of this kind which have been placed on the order paper, because I have felt very strongly that the taxpayer is losing out on exemptions to which he is properly entitled. It is true, as has been said in the past few years, that some concessions have been made. The floor has been lowered, as the hon. member for Winnipeg North Centre said a little while ago, from 5 per cent to 4 per cent and then to 3 per cent a couple of years ago. But if it is proper to lower the floor, then why is it not proper to wipe it out entirely? There can really be no proper basis for estimating what is the fair amount, if that amount can be varied in this way.

It has been said that the taxpayers should be prepared to undertake what would be normal medical expense. That has been said on more than one occasion by the minister or by the parliamentary assistant, who has taken part in these debates in the past. Even if that were true, how does the government arrive at what is a normal medical expense? Why does it change the rate first from 5 per cent to 4 per cent and then to 3 per cent?

Other changes were made in the last few years. I mention specifically the matter of allowances for expenses met in a given year. At first this item read "incurred and paid in a given year". Many offices across the country overlooked the word "incurred" and permitted the taxpayer to deduct on the basis of receipts supplied whether or not the expenses were incurred in the taxation year. Eventually the Minister of Finance saw that this phrase should be changed, and he altered the wording of the act to permit the expenses to be deducted in the year in which they were paid without regard for the year in which they were incurred. All these things have helped a little, as has also permission to deduct as medical expenses the cost of certain specified drugs. It has been on this basis that the department has contended that all expenses over and above this floor should be treated as extraordinary expenses and permitted as deductions.

I should like to point out, or perhaps I should say reiterate because I have said this on former occasions, that there are many

[Mr. Hansell.]

expenses in the home beset by illness which are non-deductible. If the person who is ill is in a hospital, the members of the family will be visiting that hospital. It is an easy matter to run up a considerable transportation expense just going back and forth between the home and the hospital. Anyone living in a city knows that it will cost at least 20 cents a return trip. That is about the lowest charge for transportation by bus or trolley in any municipality, and in some it is considerably more. If one person goes once a day that means a transportation bill of \$6 a month, which is quite a sizeable item to people who are living on modest incomes. If more than one person goes it will be seen how rapidly the cost will multiply. But this is not a deductible expense, although it is incurred by reason of the illness of a member of the family.

Then there are such things as special foods. These probably are not necessary, but quite often they are purchased for the purpose of exciting the appetite of the patient who does not feel like eating during the convalescent stage. Most of these special foods are much more expensive than the type of food one normally has in his home.

In addition there are the medicines which must be purchased, over and above those for which a deduction is now permitted. These medicines in turn are not all treated alike. If the medicine is purchased in the hospital it goes on the hospital bill and is a deductible item. If it is supplied by the doctor it goes on the doctor's bill and is a deductible item. But if it is supplied by a druggist it is not deductible.

By and large this puts people who live in urban centres in a different class from those who live in rural centres. I am sure my hon. friends of the medical profession will bear me out when I say that in most rural centres the doctors carry at least staple drugs for administration to their patients. The cost of such drugs goes on the doctor's bill. But in urban centres where drugstores are located at fairly frequent intervals it is the practice of the doctor to write out a prescription which the patient has filled at the drugstore. He thus gets no benefit of a deduction, no matter what the cost may be, and some of these medicines are quite high in price.

There are other extraordinary expenses. For instance, nurses may be required. If the patient is in a hospital he must pay the hospital for the meals consumed by the nurses. That item is put on the hospital bill and the taxpayer is permitted to deduct it for income tax purposes. With the present crowded condition of our hospitals a patient quite frequently is sent home while still requiring