

*Income Tax Act*

I want to examine, therefore, some of the implications of this very useful proposal. The Notice of Motion urges an amendment to make the income tax deduction for older taxpayers more generous than it is at present. The present law provides deductions from taxable income in the following ways. In the case of a taxpayer who has attained the age of 70 years before the end of the year, the deduction is \$500. It is \$500 in the case of a taxpayer who before the end of the year has attained the age of 65 years but has not attained the age of 70 years, if no pension under the Old Age Security Act has been authorized to be paid to him for any month in the year.

It is my understanding, Mr. Speaker, when it was decided to lower the eligible age for the old age security pension gradually from age 70 to age 65, a step to which I have already referred, it was also decided by the government of the day that the cost of paying this pension to persons under age 70 would be offset in part by the withdrawal of the special \$500 deduction for those who received the pension and were under the age of 70.

The change to the payment of old age security pensions at ages under 70 added substantially to the cost of providing these pensions. The government felt that rather than impose new taxes to meet this cost it should instead recover a small portion of the additional expenditure by withdrawing the extra \$500 deduction from those who receive the pension while under age 70. It was felt that an individual may elect not to apply for the pension if he finds that he would be better off to retain the \$500 deduction. It was argued that for the great majority of individuals between the ages of 65 and 70, the lowering of the age at which individuals may receive the pension had a more beneficial effect than the \$500 deduction.

This argument implies that when the old age pension is received, or for that matter when the senior citizen is eligible to receive it, it will not bring about any lessening of income. However, some employee pension plans provide in effect that the retired employee's pension will be decreased by the amount of old age security pension he is eligible to receive whether he draws it or not. This means that some senior citizens may find themselves forced to take the old age security pension in order to receive the same amount as before they became eligible for this pension. As a result, they find themselves deprived of the \$500 exemption, even though

[Mr. Gray.]

they do not get one extra dollar because of their eligibility for old age security pension.

I submit, Mr. Speaker, that this particular area of change is certainly worthy of further study. The hon. member for Okanagan Boundary (Mr. Howard) has already brought to the attention of the house the fact that to put into effect what is proposed by the hon. member in his Notice of Motion would lead to the necessity of the Department of Finance finding other income in the amount of some \$25 million. One would have to consider how this income is to be found, what other rates of tax are to be changed and on whom the additional tax burdens are to be imposed.

It is interesting to note that members of the New Democratic party have been proposing that the report of the Carter royal commission on taxation be implemented as a package. However, this commission recommended that only taxpayers between ages 65 and 70 who do not receive the old age security pension should be allowed an additional \$500 deduction, and that the \$500 deduction for individuals who are 70 years of age and over should be repealed.

Those hon. members may not realize that if they support the proposal of the hon. member for Notre-Dame-de-Grâce they are, in effect, arguing against a proposal put forward in the Carter Commission report which they say should be adopted as a package.

**Mr. Knowles (Winnipeg North Centre):** Tell us where you stand.

**Mr. Gray:** In my remarks, Mr. Speaker, I think I have made clear my own position in calling for further action to assist our senior citizens.

**The Acting Speaker (Mr. Béchard):** Order, please. The hour for consideration of private members business having expired, I do now leave the chair until eight o'clock.

At six o'clock the house took recess.

---

**AFTER RECESS**

The house resumed at 8 p.m.

**GOVERNMENT ORDERS**
**CRIMINAL CODE**

The house resumed consideration of the motion of Mr. Turner (Ottawa-Carleton) for the second reading and reference to the