

Income Tax Act

Minister has never at any time insisted that we follow exactly what has been proposed in this measure. He has allowed us a free conscience in this matter as in all matters. In fact I think it is fairly obvious to the country now that not only does the Prime Minister permit us our own ideas but he encourages us to express them. He even sends out little feelers so that people will take up the bait and develop their own ideas. I think this is proper in the new politics we have in Canada and I welcome it.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Béchard): Order. It is my duty, pursuant to Standing Order 40, to inform the house that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Winnipeg North Centre (Mr. Knowles)—Dominion-Provincial Conference—possible increase in old age security benefits; the hon. member for Villeneuve (Mr. Tétrault)—Solutions to Help Poor in Canada; the hon. member for Cochrane (Mr. Stewart)—Medical Director—Moose Factory.

It being five o'clock the house will now proceed to the consideration of private members' business as listed on today's order paper, namely notices of motions, public bills.

• (5:00 p.m.)

NOTICES OF MOTIONS

INCOME TAX ACT

SUGGESTED AMENDMENT REGARDING \$500 EXEMPTION AT AGE 70

Mr. Warren Allmand (Noire-Dame-de-Grâce) moved:

That, in the opinion of this house, the government should consider the advisability of amending the Income Tax Act so that the additional \$500 exemption presently granted to Canadian taxpayers under section 26 subsection (e) when they reach 70 years of age be granted at 65 years of age and that section 26 subsection (f) be repealed.

He said: Mr. Speaker, on re-examining my own motion this afternoon I notice there is a typographical error as it is printed in Orders of the Day. It should read "under section 26 subsection (1)(e)", and in the last line "section 26 subsection (1)(f)". The figure "1" has

[Mr. Stewart (Cochrane).]

been left out in each case, but I think most hon. members who are prepared to debate the motion understand exactly the principle which is being put forward.

This motion requests an amendment to the Income Tax Act to grant the additional \$500 exemption at age 65 which is now granted at age 70. The act at present, in section 26 (1)(e), states that a taxpayer can have an additional \$500 exemption if he has attained 70 years of age before the end of the particular year. In other words, all taxpayers in Canada are granted an additional \$500 exemption when they reach age 70.

A few years ago, in 1965, we added paragraph (f) to section 26(1). That paragraph states that the \$500 exemption shall also be given to people who are over age 65 but are not receiving the old age pension. I feel that this law is inadequate. As I said at the beginning, the present law grants an exemption of an extra \$500 to older persons. This provision was introduced at a time when the old age pension was given at age 70.

As hon. members know, a few years ago old age pensions of \$75 were given at age 70, which meant \$900 per year. At that time it was logical to grant the extra exemption at age 70 because the pension was given at age 70. However, under the last government headed by Mr. Pearson amendments were introduced to the Old Age Security Act and several things were done. First of all, a guaranteed income supplement of \$30 was provided. Second, provision was made to increase pensions each year in accordance with the cost of living up to a limit of 2 per cent. Third, it was provided that pensions would be paid one year earlier each year until by the year 1970 they would be paid at age 65. This means this year the old age security pension is being paid at age 66 and that next year it will be given at age 65.

With these amendments to the old age security law we have the situation that a person can receive approximately \$109 per month this year owing to the increase in the cost of living. This amounts to approximately \$1,310 per year. However, if a pensioner is between 65 and 70 years of age he will only have an exemption amounting to \$1,100, which means that the poor elderly people who have nothing but the old age pension and the guaranteed income supplement must pay income tax whereas people in the same position over 70 years of age will not have to pay income tax. This is a little complicated so perhaps I should repeat it.