

Income Tax Act

and do rather well by them. They derive the personal benefit but the union is not taxed. The union is not taxable, so what difference is there? Mining companies are entitled to send delegates to mining conferences and pay their expenses, but these are deductible because they contribute to earning the income of the company. Some mine workers are sent by their union, on an expense account. The union does not worry, however, because it does not pay income tax. Yet we are told it is wrong for the company to be allowed the expense of sending its representatives. If one is going to be logical then let us insist that some change be made with regard to union delegate's expenses in this example.

The same applies to professional associations. If the Canadian Bar Association or the Canadian Medical Association sends delegates to international conferences, they pay the expenses. Admittedly the individual renders certain services but a trip to Europe is not hard to take nor, by the same token, is a trip to the ILO at Geneva, but nobody pays income tax on that.

Mr. Knowles (Winnipeg North Centre): That is paid for by the government.

Mr. Lambert (Edmonton West): It is paid for by the association or by the government, but it is the individual who is the beneficiary and is tabbed with "expense account living". It was said that it is between individuals that equity must exist. I know some government officials in Ottawa who spend up to 150 or 170 working days of the year attending conferences and meetings outside the city on behalf of their department. They continue to draw salary and all allowances, but hotel bills are paid. They enjoy the higher scale of living at these conventions and meetings and this is alleged to be that "lush expense account living". Let us be fair and look at all the facts related to expense account living as it affects everyone.

It is proposed to disallow memberships in certain types of clubs. It is an undeniable fact of life that a great deal of business is transacted over the luncheon table, or over a drink,—

• (2:30 p.m.)

An hon. Member: Or at the golf course.

Mr. Lambert (Edmonton West): Or at the golf course, of course. You know, businessmen will continue taking public servants and prospective clients they want to influence to a hotel or a club for a meal. They will get a receipt for their lunch or dinner. Oh, yes, that will continue. But they will not be able to go to the club at which you must pay a membership fee in order to attend. It seems to me that these provisions were written by some people who were jealous because they could not belong to certain clubs without paying the necessary fees, and deduct such fees while others could. I do not know. This is all open to question. It seems to me that there is discrimination, absolute discrimination, in regard to this and that an attempt is being made to pick out certain groups and certain institutions in order to discriminate against them. I see the hon. member for Chambly shaking his head. What is the difference between membership in a club and—

An hon. Member: It is the hon. member for Labelle.

[Mr. Lambert (Edmonton West).]

ro[Translation]

An hon. Member: Nor for Chambly but for Labelle.

Mr. Lambert (Edmonton West): I beg your pardon, I meant Labelle. The hon. member for Labelle (Mr. Dupras) did not seem to believe me at that time.

[English]

I will ask this. What is the difference between privileges flowing from a membership in a club and the privilege of being able to buy hockey tickets for games of Les Canadiens. These season ticket holders are a club of a kind, and you are privileged if you can buy those tickets. A business concern can deduct the cost of those tickets as an expense. Therefore, the membership cost connected with belonging to a club in which one can entertain clients should be in the same category. Let us be logical about this. Either you take all such clubs and permit deductions, or you throw them all out.

I agree that there can be abuses. There is no way you can hold a bar mitzvah for your son and invite 500 or 600 prospective clients and write off the expense as a business expense. When I was attached to the Department of National Revenue that actually happened. Someone actually attempted this. Or, you could not write off the cost of, say, a 135-foot launch, or of one of those rather fancy yachts that larger businesses may use, or of some types of hunting or fishing lodge. However, amounts reasonably expended for the promotion of business should be allowed. I think, myself, that the proposed provisions go too far in that regard. There is a lack of logic in their presentation. The position adopted by the government has deviated more than somewhat from the position the government took in its white paper. It is the taxpayer who must be considered, Mr. Chairman. It is not government administration or the convenience of that administration. It is the taxpayer. Some people seem to think that the taxpayer is someone who exists in isolation, that he is a rather fat bird whose feathers may be plucked and, in some cases, whose throat may be slit. The taxpayer does not exist for the benefit of government bureaucracy. The government bureaucracy exists because of the taxpayer.

May I now mention professional expenses? The hon. member for Calgary North indicated that too often people have thought that, "Oh, well, in the past professionals enjoyed an advantage." Strangely enough, if one looks at the history of taxation one will see that in 1917, when the Income Tax Act was introduced, everybody was assessed on a cash basis. People were assessed when income was earned and received. It was earned then on a cash basis. Changes were made with regard to business practices. For instance, accounts receivable might be used at the bank to establish a line of credit. The government, seeking ever more revenues, decided that business must include accounts receivable; in other words the tax would apply on a sales basis not merely cash. In order to determine its income for taxation purposes, a business had to include sales. The change was made in regard to business. Over the years there have been continuing erosions. They have now reached the point that professionals have to prepay part of their taxes.

Incorporated business now has to pay tax more or less on a monthly basis, one month pretty well after the income is earned. Actually, there is no repayment for