

### Detailed Recommendations

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#### Personal and Family Taxation

6.1 The Committee fully supports in principle the White Paper proposal to convert existing personal exemptions and some deductions to tax credits. Indeed, we did not receive a single submission which suggested that the current system should be retained. We do, however, have some problems with the overall package.

6.2 We are concerned about the proposed credit system as it affects families. In general, we feel that the proposals enacted by Parliament in 1985 to limit the personal exemption for under 18-year-olds to the amount of the family allowance and, for other dependents, to double the amount of the family allowances, were appropriate. The current proposals, however, give the equivalent of this relief only to families with children who are 18 or under where the taxable income of the claimant is \$27,500 or below.

6.3 We are also concerned about a number of related issues. First, despite the 1985 legislation, a parent with taxable income in excess of \$27,500 will lose a part of the Family Allowance cheque to taxes. Where there are several children in the family, this seems inappropriate. Second, in many provinces, children who are 18 and above are still in secondary school or its equivalent and it seems to us some tax relief should be given to parents. The situation also pertains to a single parent who would claim the equivalent-to-married credit for a child who is over 18. Third, while we consider the relief offered to parents of students in Universities and other post-secondary programmes, through transferable tax credits, to be a step forward, it seems unfair that many other dependent children, especially in areas of high youth unemployment, get short shrift from the proposals. Finally, we consider the proposals to limit the earnings of supported family members to \$500 before the tax credits are eroded, to be unreasonably low. This is particularly true of teen-aged children who could earn less than \$10 a week with the consequence that a supporting parent would have the tax credit eroded.