

*Income Tax Act*

the taxation relief granted they would have had to undergo severe and serious financial dislocation. As you know, we reduced the ceiling once or twice. There was considerable pressure in this house in years gone by to reduce it even further.

It was always stated that certain medical expenses were incidental to all people and that it would be administratively difficult to allow deductions for all medical expenses, and I think most people will agree with that. The expenses over and above a certain percentage of income are extraordinary expenses and certainly an exception can and should be made in those circumstances. Now this change has been made, part of the exemption which previously existed has been taken away and it is in fact, Mr. Speaker, just another form of taxation.

Surely the government did not have to squeeze the last drop out of the suffering of people who undergo lengthy and serious illness in order to increase its tax revenues. The minister in his budget speech indicated that in a full year some \$9 million would be recovered by the federal treasury. This is a considerable amount of money, but I am positive that that amount of money in the hands of people who have suffered because of serious illness would do far more for Canadians generally than it would in the consolidated revenue fund.

It is therefore with regret, Mr. Speaker, that we have to consider a bill which contains this provision. I hope that the minister will give this matter some consideration between now and the time the next budget is brought down, and if he still occupies his present position at that time I hope that he will see fit to reverse himself.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sevigny in the chair.

On clause 1.

**Mr. Benidickson:** Will the minister explain this clause? I confess I have not got my copy of the bill before me.

**Mr. Fleming (Eglinton):** Mr. Chairman, clause 1 simply adds the words "life, sickness or accident" to the terms of section 5 (1) (a) of the Income Tax Act. This addition is necessary because of the detailed amendment which follows in clause 2 with respect to group life insurance. Without these qualifying words, the words "group insurance" could cover any kind of insurance purchased by a group. This provision which will follow in clause 2 of the bill is confined to group life insurance.

**Mr. Benidickson:** Sickness and accident. Clause agreed to.

On clause 2—*Portion of premium under certain group insurance policies.*

**Mr. Crestohl:** Mr. Chairman, I address myself to clause 2 only because I find it extremely difficult to understand this complicated formula which by statute law is to me a little unique. There are set up five sections which do not state law but which state mathematics. You have for instance:

- (i) dividing that proportion of the total premium—
- (ii) multiplying the quotient obtained—
- (iii) subtracting from the product obtained—

And so on and so forth. I confess, Mr. Chairman, and I also confess to the minister too, that as a lawyer I find it most unusual to make statute law in the form of pure mathematical calculation. I do not think the average person could follow it easily, and I certainly would not relish having to argue before a court if I had to deal with this lengthy section on page 2. I ask the minister purely as a lawyer, would he explain how one could argue before a court a mathematical formula, because if there is something wrong mathematically with this formula there will be some difficulty because it is the law. Even though the mathematics may be wrong they would have to be considered as right because it is statute law. I do find that extremely difficult and unusual.

**Mr. Fleming (Eglinton):** Mr. Chairman, I think the hon. gentleman is much too modest in disclaiming ability to understand this section. There are lots of provisions in the Income Tax Act which are much more lengthy and involved than this one.

So far as the mathematical formula is concerned, it is not part of the statute. It is here as one of the notes on the bill to give an illustration of the way in which the sub-clauses which are part of clause 2 of the bill will operate.

I think the hon. member is aware of the situation out of which this section has emerged. Group insurance policies which are provided, let us say, by an employer for an employee are exempt from income tax. In making use of that exemption we have found that a number of persons, let us say senior executives, have had very substantial policies written on their lives, and these enjoy an exemption which I am sure parliament did not intend in such large amounts. For instance, just because an executive happens to control a corporation, is it any good reason why he should enjoy the benefit of payment of premiums on a policy of, let us say, \$100,000 on his life, tax free?

**Mr. Benidickson:** May I ask the minister if this is beyond the other sections of the bill