

Income Tax Act

committee to ask the minister a question for clarification. My question concerns deductions for medical expenses.

The Deputy Chairman: Is this agreed?

Some hon. Members: Agreed.

Mr. Ritchie: With regard to deductions for medical care that is not covered by an insurance program, that is, extra expenses, will these be allowed as an income tax deduction?

Mr. Benson: If the provincial scheme is broader than the federal scheme, that is, if a portion is paid by the government through the provincial scheme, then of course they are disallowed; the federal government is making a contribution to the provincial scheme. If one has additional coverage under a private scheme, then of course the expenses in this regard will be allowable, that is, the portion of the claim paid by the private scheme will be allowable, as it is now. The main purpose of the provision is that where you have a provincial scheme and the federal government is contributing part of the cost to the provincial scheme, we do not also allow the deduction for tax purposes of expenses which are paid by the federal and provincial governments. But if one has, beyond this, personal coverage with a private company, as is the case with hospitalization at the present time, those portions paid by the private company are deductible because the premium is paid by the individual and the government does not contribute to it.

Mr. Ritchie: Has the minister looked into the functional operation of this program in Manitoba, say, where doctors are operating out of the plan and the patient pays the full amount and is then reimbursed a portion of it? Has any direction been given by the Income Tax Department in this regard?

Mr. Benson: If it is under a provincial scheme and the province gets into medicare, all payments made by the provincial scheme will not be allowable. If the individual has separate coverage and pays additional expenses beyond that, we have not changed the situation whatsoever.

Clause agreed to.

Title agreed to.

The Deputy Chairman: Shall the bill as amended carry?

Some hon. Members: Carried.

[Mr. Ritchie.]

Some hon. Members: No.

Motion agreed to: Yeas, 51; nays, 17.

The Deputy Chairman: I declare the bill carried.

Bill reported.

• (3:20 p.m.)

The Acting Speaker (Mr. Béchard): When shall the said bill be read the third time?

Some hon. Members: By leave, now.

Mr. Benson moved that the bill be read the third time and do pass.

The Acting Speaker (Mr. Béchard): Is it the pleasure of the house to adopt the said motion?

Some hon. Members: On division.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we were against the legislation contained in this bill when it was first proposed last October, particularly the social development tax. We have been against it all through the piece and we are against it now. We think this tax is regressive, iniquitous, unfair, unnecessary and intolerable. Therefore we are going to vote against it on third reading.

[Translation]

Mr. Réal Caouette (Témiscamingue): Mr. Chairman, I will only say a few words on the third reading of this bill.

What the hon. member for Winnipeg North Centre (Mr. Knowles) just said is quite true, and it is also our position concerning this bill aimed at levying a 2 per cent social development tax.

The government has not acted honestly when it imposed that tax on the people, being fully aware that the workers cannot pay more money.

I think that when the government was actually defeated in 1968, on vote in the committee of the whole, it should have normally gone to the people for a confirmation of its mandate, but it failed to do so.

We then opposed a 5 per cent tax, and the bill was withdrawn. The Minister of Justice, with whom I appeared on television at that time, had solemnly promised, on behalf of the government, that such a bill would not be introduced in the house again and that there would be no tax increases.

At the time of the general election and since then, we, of the Ralliement Creditiste,