

Income Tax Act

Further on in their report they noted that the Income Tax Department was having quite enough difficulty dealing with the half million itemized expense claims that it was dealing with when the commission was conducting its hearings, and that the problem would probably be insurmountable if it had to deal with another 4½ million itemized claims from all the taxpayers of Canada. However, the Carter approach was different from that taken in the white paper. The Carter approach would suggest that employees should have the option of deducting actual expenses of this nature or electing the optional deduction of 3 per cent with a ceiling of \$500. I think that the Carter approach on this particular item has considerable merit, and I know it is an alternative which the Finance Committee of this House will be considering in its study of the white paper.

The proposals in the white paper dealing with this item, in paragraphs 2.12 and 2.13, suggest no option at all—everyone drawing wages may take a deduction of 3 per cent up to a maximum of \$150. That effectively places the ceiling, so far as deductions are concerned, at \$5,000 wages or salary. The \$500 ceiling proposed by Carter would have raised this ceiling to the \$16,606.77 mark. I am not too sure that the Carter ceiling is necessarily desirable. It seems to me that employees in that salary range have a considerable amount of influence on the conditions of their employment and on the supply of tools, books or whatever is necessary for the proper conduct of their trade.

● (5:50 p.m.)

I was very glad that the hon. member for Vegreville mentioned the problem faced by university professors and teachers. In this area it may be said that the law is an ass. A university professor cannot claim the cost of books or research materials relating to his employment by an institution, but if he does freelance work or independent research the cost of the materials used can be set off against the income derived in this manner.

Some years ago a journalist took a case to the Income Tax Appeal Board in the full knowledge that he could not win, but he hoped to draw attention, to the rather silly situation which existed in the case of a person whose income was derived from salary and freelance work. He pointed out the illogical treatment of expenses under the law. The board informed him that had he chosen to set off his expenses against the freelance income

instead of the salary, the appeal would have been allowed. His was a public spirited gesture to demonstrate the folly of the existing procedure, but all he obtained from the appeal board was sympathy.

This question comes before the House at a time when taxation is of great concern to all of us. I am grateful to the hon. member for Vegreville for bringing it before us so that we may discuss it publicly. However, I must oppose the motion because I do not feel it will achieve his objective. With a general revision of the income tax laws due in a short time, we will have a opportunity to deal with this and other items that appear inequitable. Hopefully, we will be offered an income tax system easily administered and understood, which will not require an extra cadre of bookkeepers on the staff of the Department of National Revenue. It should be simple enough that the taxpayer can understand it and that the tax collector can quickly establish the identity of those evading taxation.

I suspect that the Carter recommendation might have resulted in an overly complex system. There is merit to the suggestion of setting tax as a flat percentage of salary with a ceiling as an allowance for employment expenses, but this opposes the pure equity of the idea that a person should be able to deduct legitimate expenses incurred in the earning of income. Practicality is also an objective of a tax system, and I am prepared to listen to argument for a workable system which would allow the deduction of expenses without imposing too great a burden on the taxpayer and the tax collector. This Mr. Speaker, is desirable but it may not be possible.

Mr. Knowles (Winnipeg North Centre):
Question.

Mr. E. B. Osler (Winnipeg South Centre):
Mr. Speaker, there is not very much time left but I should like to say a word in this debate and congratulate the hon. member for Vegreville (Mr. Mazankowski) on the intent of his motion. As has been pointed out, it may not be the right way to raise the subject, but this is a matter of opinion. I feel that it should be brought to the attention of the Finance Committee and included in the consideration of the white paper changes.

I am sorry that the hon. member for Comox-Alberni (Mr. Barnett) took a cynical line about the processes of the white paper and the intent of its authors. I do not think he has any reason to believe that the process