

Income Tax Act

● (1550)

The need for this amendment was drawn to my attention by an armed services officer, who complained that under the statute as it now exists he had been abroad so long in the service of the country that he would be subject to a capital gains tax when he got back. This extends the four year restriction period to cover situations where an individual moves in the course of his employment.

Mr. Lambert (Edmonton West): I was hoping the minister would extend the interpretation to foreign service officers or members of the armed forces who rent their homes while abroad on duty, who on their return are posted to another part of the country and dispose of their homes without re-entering them. This is an area which has not been covered by the amendment. I think such taxpayers should be protected from the imposition of the capital gains tax since there has been an involuntary abandonment of a technical residence.

Mr. Turner (Ottawa-Carleton): I do not know how we would police the other step the hon. member suggests. I think we should take this step first. If a person returned from foreign service and sold the house while he was still a resident of Canada, he would qualify. If he lived in it for one day he would be all right.

Mr. Lambert (Edmonton West): That might cost a lot of money.

Mr. Turner (Ottawa-Carleton): It would depend on how much the home was worth.

Clause agreed to.

On Clause 27.

Mr. Stevens: This is a clause which touches on the tanning industry and the production of leather footwear. Since this industry has found itself in unfortunate straits, can the minister explain why he feels it is necessary to add this new burden of taxation to those who are employed in the industry? Can he tell us how many employees will be affected and what the estimated gross revenue to the treasury will be?

Mr. Turner (Ottawa-Carleton): We do not have those figures. I would point out that income from adjustment assistance benefits, being revenue, is taxable in the same way as, for example, unemployment insurance benefits are taxable. It applies to those who work in the clothing and textile industry, just as it applies to those who work in the auto industry, or the auto parts industry, for example.

Mr. Stevens: Is there no way to streamline this procedure? Why should it be necessary for one department of government to make grants and for another department to turn around and tax them? I realize this is all in accordance with a beautiful civil service dream—to make grants which appear to be beneficial on the surface and then to pull the money back by way of taxation. It is not enough for the minister to say he is now including the leather tanning industry and the footwear industry simply because others are affected. That is missing the whole point. Why should it be necessary to continue this complex formula of making grants and then recovering them

through taxes, especially when we consider that this is a depressed industry which has suffered terribly as a result of the importation of foreign goods in this field due to the approach taken by the Department of Industry, Trade and Commerce?

Mr. Turner (Ottawa-Carleton): The act takes into account all sources of income including adjustment assistance benefits, Canada Pension Plan payments, unemployment insurance, scholarships, bursaries and so on. You name it.

Mr. Stevens: Do I take it from the minister's comments that the government is not even giving consideration to the possibility of a streamlining process in this area, even when it involves workers in a depressed industry?

Mr. Turner (Ottawa-Carleton): We are always ready to adopt new methods which appear to be an improvement on the old.

Clause agreed to.

On Clause 28.

Mr. Lambert (Edmonton West): Something is being done here with regard to maintenance payments. There are real inequities here under the law. Initially, there was a decree, an order or a judgment. Now I see there is reference to a written agreement. I am glad to see that improvement. It seems to me that such orders shall provide for the maintenance of minor children; it is exceedingly hard on the caring spouse to tax such money as income. I realize it can be said that the spouse, if she is in a taxable position, can claim the children as hers, but in effect the benefit goes to the paying husband, or vice versa.

I should like to see some relief for the woman who is separated or divorced from her husband and looking after the children, one who is not able to get the child-care allowance because she is not working. Under the income tax act we blithely tax her on the total amount she receives, including what is paid for the care of the children, and in too many instances that amount is far less than it really costs to maintain children. I should like to bring a degree of realism to this picture so that their position could be alleviated.

Mr. Turner (Ottawa-Carleton): Clause 28 is consequential upon clause 31. We allow a taxpayer to deduct maintenance; we are just talking about deductibility here, the deductibility of an alimony payment. At the moment it can only be deducted if it is paid directly to the other spouse. Now we are extending the deductibility if payment is made to a third person for the benefit of the spouse or the children; for example, to a university for education, to a mortgage company, etc. This is a relieving amendment and I do not think the hon. member will quarrel with it.

Mr. Baker (Grenville-Carleton): This question of the written agreement has always caused a lot of trouble. I suppose this is being done by the department for the purpose of control. Has the department taken a look to see if there is some other way this can be done? I would say as

[Mr. Turner (Ottawa-Carleton).]