

*Income Tax Act*

adjournment are as follows: the Hon. Member for Lévis (Mr. Fontaine)—Agriculture—Creation of national marketing board for incubated eggs—Government position; the Hon. Member for Eglington—Lawrence (Mr. de Corneille)—Education—Post-secondary education—(a) Statement attributed to British Columbia Minister (b) Funding of student loan program.

**GOVERNMENT ORDERS**

[Translation]

**INCOME TAX ACT**

## MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Hockin that Bill C-11, an Act to amend the Income Tax Act, be read the second time and referred to a legislative committee.

**Mrs. Gabrielle Bertrand (Parliamentary Secretary to Minister of Consumer and Corporate Affairs):** Mr. Speaker, it gives me pleasure to take part today in the debate on this excellent initiative to provide for the prepayment of the child tax credit to help low-income Canadians. This initiative is part of the changes made last year to the child benefit system.

Hon. Members will recall that, last year, to provide more assistance to low-income families, our Government undertook a restructuring of child benefits. First, we amended the indexing formula for family allowances. This measure, which came into effect in January 1986, provides that family allowances will be indexed only by the amount of the yearly increase in the Consumer Price Index which exceeds 3 per cent. Any increase over 3 per cent of the inflation rate is fully compensated by indexing.

I feel compelled to point out that, in spite of the scarcity of our resources, we have maintained the universal character of family allowances. We have also enhanced the child tax credit provided selectively to low-income families. For this year, the maximum child tax credit payable in the spring of 1987 will amount to \$454 compared with \$384 in 1985. This represents an increase of \$70. The child tax credit will continue to increase by \$35 both in 1987 and in 1988 to reach \$524 per child in the 1988 fiscal year. On the other hand, the point at which the child tax credit begins to decrease has been brought down this year to a family income of \$23,500 from the 1985 level of \$26,330. This new ceiling will also be indexed annually on the basis of any increase in the Consumer Price Index over 3 per cent.

Finally, the exemption for dependent children will be reduced over three years beginning in 1987 to reach a level equivalent to family allowances in 1989.

Mr. Speaker, the initiatives I have just described will allow us not only to improve the equity of our child benefit system, but also to focus our resources better in this area. The May 1985 Budget increased the child tax credit and improved the position of low income families. The Budget of last February provides for the prepayment of the child tax credit and it is in this regard that this Bill innovates. Prepayment of the child tax

credit will allow eligible families to shorten by several months the waiting period for receiving their money as well as avoid the need for them to go to the tax discounters. In 1986, the prepayment of child tax credit will amount to \$300 per child and will be made in late November or early December to eligible people whose family income was \$15,000 or less in 1985. The prepayment represents approximately two-thirds of the \$454 maximum credit which otherwise would be payable only in early 1987, after the beneficiary has submitted his income tax return.

Mr. Speaker, I hope sincerely that through the co-operation of all Hon. Members, some 725,000 Canadian families will benefit from this prepayment. From now on, these families will no longer have to use the services of tax discounters who, more often than not, greatly abused these families' precarious financial situation.

Mr. Speaker, it is true that this program is directed only to the families whose income in 1985 amounted to \$15,000 or less. The reason we have limited this program's eligibility stems from the fact that these very low-income families are more likely to use the services of tax discounters. Moreover, because of the limited financial resources of the State, the Government must strive above all to improve the situation of the most needy in our society.

Mr. Speaker, I should like to emphasize that, contrary to what the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) has stated on a few occasions, and also the Hon. Member for Hamilton East (Ms. Copps), the people who are not eligible to prepayment of the child tax credit are not penalized. As in the past, these people will get their child tax credit when filing their income tax return. I stress the fact, Mr. Speaker, that those people will not be subject to any reduction in the child tax credit they are entitled to, they will not be subject to any penalty.

I am also happy about another proposal contained in Bill C-11, which is to extend the child tax credit in respect of a child deceased in 1986 but who would have been eligible for family allowances in 1987, had he lived. Currently, no child tax credit is paid for the year in which the child has died. According to my information, some 3,000 families would benefit from that proposal.

Last week, Mr. Speaker, from October 6 to October 10, for the second year in a row the National Family Week was held. During that week dozens of organizations and agencies from all across Canada joined their efforts and pooled their ideas to make the public aware of the importance of the family cell in our Canadian society. Let me take this opportunity to commend Family Services Canada for that initiative.

While recalling a wide range of happy social events usually experienced by people who live together, such as births, birthdays, marriages, these social partners do not forget that there are other day to day events of a painful nature. Family life sometimes involves disappointments and sorrows, and difficulty to make ends meet. This Government, and especially our Prime Minister, are well aware of those facts, that is on the one hand the importance of the family in our society and the other hand our social commitment to them.