

Income Tax Act

losses were allowed to be carried forward, the federal treasury would lose little or no revenue and I am sure this would prevent any inequities that might arise.

Further, under section 6(1)(a) an employer's contribution to a public health plan will be included in income. As I understand it, some inequities might arise here. In Quebec, for example, under provincial legislation the levy on the employer is regarded as an additional tax. Apparently this is not considered as conferring a so-called benefit to the employee. Under the Ontario or British Columbia schemes, at the present time the employee is considered to receive a taxable benefit. It seems to me that in each case it is a benefit to the employee and should be treated as such.

I should like to say something about the use of an employer's automobile. No matter whether an employee uses a vehicle for his personal use, he is considered to have acquired a value in the car by virtue of his use of it. As I understand it, under the present provision in the act an employee's income includes as a benefit the difference between the value he gets from the personal use of a car supplied by his employer and the amount he paid for its use. The determination of this value is often a matter of dispute. By introducing a stand-by charge the bill has fixed a minimum value to be placed on the personal use of such a car. The stand-by charge will be approximately 1 per cent per month of the cost of the car or, if it is a leased car, one-third the lease cost. This stand-by charge will be prorated on the basis of the number of days that the car was available to the employee.

• (5:30 p.m.)

The stand-by charge requirement means that employees having an employer's car available for personal use will have the minimum amount determined under the formula, minus any payment they make, included in income whether or not they use the car for personal reasons. The bill could result in a number of employees being assessed stand-by charges on the same car, because the car need not be available for the exclusive use of any one employee, although he could be charged for this.

There is one area which is of interest to me—I believe it is section 6 (1) (f)—where the employer makes a contribution to a salary continuation plan for an employee. This, I would presume, is the usual provision where the company, the taxpayer or employee pays into a fund which pays him in return a salary or income maintenance when he is unable to carry on his job. The way it is worded, it would appear to me that a portion of whatever benefits the employee had will be taxable. An amount is deducted from the amount the employer paid in a certain specified time previous to the employee receiving the benefit. This would seemingly create a situation in respect of an employee who has been temporarily disabled wherein he would do better than one who has been permanently disabled. This does not seem fair or reasonable.

This is probably a point which is not of great interest but I have a personal interest in it. Although I have no employer I, personally, have paid for salary continuation in the event of illness. As I understand this provision, it continues the present situation whereby a person who contributes to his own salary continuation plan in the event of illness is not entitled to have the premiums

deducted from his income tax. These are the few remarks I should like to say on this section, Mr. Chairman.

Mr. Burton: Mr. Chairman I wish to raise two points at this stage of the committee's consideration. The first point may have been raised but I am not clear on it and wish the matter to be clarified. The parliamentary secretary and the minister will be aware that representations, by people who are handicapped, have been made from time to time for a special allowance or a special provision in order to enable them to cover the cost of transportation to and from work. I am sure the parliamentary secretary will appreciate that many of these people are capable of carrying on useful work but have the very obvious problem of getting to and from their work and must incur special expenses in retaining employment.

I am not sure whether this situation is covered in any way under the provisions or whether the idea of the government is that it is to be covered by the \$650 special allowance to be provided for blind and disabled people as set out at page 285 of the bill. However, I should appreciate a comment from the parliamentary secretary as to whether any special provision has been made for these people, because I am sure he will agree that handicapped and disabled people face an unusual problem in carrying out employment for which they qualify.

Second, I should like to underline the remarks of my colleague, the hon. member for Winnipeg North Centre, concerning deductions for employee expenses or worker expenses as set out in section 8 (1) (a), page 15, where provision is made for an employment expense deduction of the lesser of \$150 and 3 per cent. It seems to me this is another example of the type of tokenism I see in this bill—a small gesture that is made to the people of this country to get them to think something is being done for them while many other loopholes are left in our tax law.

Many other concessions are made which are of far greater benefit than this token measure. Within the scope of section 8 (1), if we look at all the various categories of deductions which are allowed to various categories of people we find discrimination. First of all, with regard to employees there is a very definite limit placed on the expenses allowed. Then if we turn over the page we find that if there are any expenses with regard to the collection of salaries or wages, whatever the circumstances may be, the legal expenses are deductible. I have no argument with this provision, but there is no limit placed on the legal expenses involved. In fact, some people may even suggest that there is advantage in the fact that there is no ceiling on such expenses. I do not wish to make any charges in this regard because obviously I am not in a position to substantiate them, but certainly this is an open-ended provision. There is no limit in respect of legal expenses which may be claimed as a deduction.

There is also special provision in respect of a clergyman's residence as provided by paragraph (c) on page 16. I have no argument with these provisions but, again, we find no limit imposed. I acknowledge that in respect of teachers' expenses related to their contribution there is a limit. However, if we turn over the page to paragraph (e) on page 17, in respect of expenses of telegraphers or station agents and the amounts they have to spend for meals and lodging while employed by a railway company