

statement of September 17, 1979 that qualified mobile homes will be included. Similarly, the Department of National Revenue has indicated in the form to be completed by eligible taxpayers that mobile homes will qualify. The committee is not entirely confident that this is the better interpretation and suggests specific reference be made in the Bill to mobile homes.

Only one house per family will be eligible for the credit. This would be the house where the family ordinarily resides. The secondary residence of the family, such as a cottage, will not be eligible for the measure.

Where the taxpayer moves during the year, each consecutive housing unit owned and occupied by the taxpayer during the year will be eligible for the appropriation portion of the credit subject to the overall allowable limit.

Spouses will be permitted to split the mortgage interest credit and the property tax credit between themselves in any agreed-upon manner, provided the total amount claimed does not exceed the allowable limits.

The following anomalies have come to the attention of the Committee:

- (1) Both credits will be available to individuals sharing ownership in a qualified home to be shared between them equally without regard to their respective ownership interests in the home (subparagraphs 122.3(1)(b)(i)(B) and 122.3(2)(a)(ii) as proposed by subclause 2(1) of the Bill).
- (2) A mortgage interest credit for the full year will be available for a homeowner who moves from a qualified home which is not subject to a mortgage and acquires

another home which he mortgages. This is in contrast with a tenant moving from rented premises to a home on which he places a mortgage. In the latter case, he would only be entitled to a fraction of the credit represented by the number of full months he owned the home (paragraph 2(7)(a)).

- (3) No credit is available in respect of interest paid by a separated spouse if he makes payment on behalf of his former spouse who occupies and owns the home.
- (4) No credit is available in respect of interest paid by one spouse when the house is owned by the other.
- (5) No credit is available in respect of interest paid during the reconstruction period after a qualified home has been destroyed or unfit for occupation.

It is recommended consideration be given to introducing amendments in the future to eliminate these anomalies but with retroactive effect.

CONCLUSION

Your committee wishes to express its appreciation for the services rendered in the review of the Bill by Messrs. Charles Albert Poissant and Thomas S. Gillespie.

Your committee has examined and considered the subject matter of Bill C-20 in accordance with its terms of reference and, except as noted above, has no comment to make on the Bill.

Respectfully submitted,

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Chairman.