

Income Tax Act

very human and very important personal matter for Canadian families, both married and single parents.

In summary, I strongly recommend consideration be given to offering a choice to families whether to file a joint return, even if one spouse is not in the labour force, and to making a change from the \$4,000 deduction which favours those with higher incomes to a tax credit which gives a half decent break to the lower-income earners of which, unfortunately, there are many in Canada.

Mr. René Cousineau (Gatineau): Mr. Speaker, the two separate propositions contained in the motion of the hon. member for Mission-Port Moody (Mr. Rose) cover a great deal of territory. In particular, the proposal that we adopt the family unit as the basic unit for personal income tax is an idea that is a bit like Pandora's box: it involves a lot more than appears on the surface.

[Translation]

Before discussing this matter, Mr. Speaker, I should like to deal first of all with the first part of the motion which calls for the provision of a trigger mechanism which would eliminate what my hon. colleague considers a tax discrimination against single parents who are seeking employment and want to work outside the home instead of staying home and remaining on welfare.

I think the general consensus is that any such discrimination is far from desirable. Our tax system should not make it difficult for single parents who are anxious to improve their situation to seek employment and eventually support themselves. Also, one should not conclude that it is distasteful or improper for single parents to remain at home and spend as much time as possible with their children so as to give them all the attention they require as well as a good family life. This is a most worthy cause which is fully supported by society. I do not think that the public would blame single parents who do this solely in their children's best interests. What must be emphasized is that single parents should have an alternative instead of their activities being hampered or restricted by discriminatory laws.

● (1620)

[English]

Having said that, I should add that the Income Tax Act does not create the kind of discrimination that seems to be referred to in this motion. I say "seems to be" because the motion is not clear.

There is a provision in the Income Tax Act which exempts from tax most welfare payments made on the basis of needs tests. This applies both to single parents and to all others receiving social assistance payments. However, I do not think it can be argued that the Income Tax Act is a deterrent to a single woman trying to get a paying job to support herself and her children.

[Translation]

Let us consider the basic exemptions and deductions allowed that woman as a wage earner; I will quote figures applying to the fiscal year 1980. Taking into account personal exemptions and other deductions like job expenses, unemployment insurance premiums and Canada Pension Plan contributions, a single person could earn up to \$5,104 before having to pay income tax. A single person may also claim for a child the equivalent of a married person exemption. Thus, a single person with two children could earn a little more than \$7,800 before having to pay income tax. I sincerely believe that a province would very seldom make welfare payments to single parents earning about \$7,800 a year.

Therefore, it is not fair to say that the income tax system discriminates against single parents who are willing to seek jobs and forgo welfare. In fact, the Income Tax Act allows a single parent to deduct up part of his child care expenses while working. We provide assistance to make things easier for single parents willing to work outside.

[English]

Let me turn now to a discussion of the first part of the motion before us which proposes the adoption of the family unit as the basis for levying personal income tax. This is a complex question, as the hon. member knows. The proposal raises many important issues, not only economic but also social.

There are arguments that can be made on both sides of the question, but there is one aspect of this motion which I suggest should be rejected out of hand, and that is the idea that married taxpayers should have an option between two different tax systems.

The suggestion is that they should have a choice between filing as a married couple or as individuals, depending on which gives them the most favourable tax break. This is a very unsound principle to introduce into our tax system because it is essentially unfair. It would create a serious discrimination against single persons, who would not have the opportunity this proposal would give married persons, that is, to choose between tax regimes depending on which gives them the best benefit.

It has often been said before that our tax system must be a fair one and that taxpayers must feel that it is fair. Without that feeling of confidence in the system the self-assessment approach on which our tax system is based just will not work. It does not require much imagination by hon. members to picture the wave of complaints there would be from single taxpayers if they were discriminated against in this way. No one enjoys paying taxes, but the process is at least tolerable if we feel that everyone else is paying tax on the same basis.

Turning to the central issue of the family unit as the basis for income tax, I think we must recognize the complexity of the matter. Making such a fundamental change in our taxation system would have widespread repercussions. Our present tax system tends to reflect not only our economic priorities and our