

Income Tax Act

Speaking in the debate last year I quoted the former minister of finance, and reference has been made to that quotation. I should like again to quote what was said by the minister of finance who held office in 1953 and who, in his last speech on this subject, said:

I have in each year paid out money in varying amounts. Perhaps sometimes it would be a few hundred dollars, and sometimes somewhat less than that—for these periodical medical check-ups, general child care and the like.

Then he said:

I see no reason in the world why I, or anybody else, should be in a position to deduct those normal expenses—and I prefer to use the word "normal" rather than "average"—I see no reason why I should be permitted to deduct those normal expenses from my income before calculating my income tax, any more than I should be entitled to deduct expenditures for clothing necessary to keep the children warm, or food necessary to keep them alive.

That is the principle behind the floor. Reference has been made to the probable loss of revenue. I do not think, any more than last year, that I need go into detail to establish this loss. Several speakers last year and some this year have indicated they do not quarrel with the suggestion that it would cost something in the nature of \$35 million.

I do say, however, that such a loss, if not made up somewhere, in all probability would have the effect of denying an equivalent tax cut somewhere else. If one had \$35 million of tax relief to offer, I certainly would not say that this was the best method of providing \$35 million of tax relief. In addition, it is true that administrative difficulties would be greatly increased if there was no floor and claims from the first dollar of expenditure on doctor bills and drug costs were permitted; because if doctor bills were allowed from the first dollar inevitably claims for drugs would be made.

In addition to that I can only refer to such obvious difficulties as would be encountered due to the fact that a great number of our employees pay their income tax through deductions at the source. It is fairly easy now for them and fairly easy for their employers by reason of the fact that there is a general personal exemption that on the whole is applicable to everybody. It is easy for them to have their income tax deducted at the source. But if at the end of the year there is introduced a new reason for claiming re-assessment and re-examination of files, that in itself would indicate an increased burden placed upon the administrative staff.

I have mentioned that in my view there are better methods of offering tax relief, if one were contemplating such relief and had it to dispose of to the extent of \$35 million, or

[Mr. Benidickson.]

\$50 million, which we think at the moment is somewhat nearer the cost of this proposal. There are better methods without the same burden of administrative costs for the same amount of money involved. I need only mention that in Canada we have a working force in the neighbourhood of 5.4 million people and that now we have only 3.8 million who are paying income tax, to show that relief of this kind would not be for the benefit of those who are less well off, those who have not earnings sufficient to pay income tax. I have already mentioned that I questioned whether those citizens in our community over 65 years who under normal circumstances require increasing medical care, at a time when their income is going down, would derive much benefit from this proposal.

The hon. member for Winnipeg North Centre, as he has done in the past, gave a number of illustrations to show the actual savings that would come to taxpayers in certain income tax groups if the floor was removed. I have no quarrel with his figures. I think in the case of a married taxpayer earning \$2,100 he referred to a tax of \$17, and said that if that taxpayer had given away \$100 he would have saved \$17, but that if he had \$100 in medical expenses he would save only \$4.76. But, as I say, the allowance of \$4.76 is probably not the best method of providing such a tax saving.

In addition I should like to place some other illustrations on record. Let us consider the man with two dependent children under 16 years of age, who is entitled to family allowance and has an income of \$3,000. If he is claiming exemption at the present time for expenses over 3 per cent, of course he would get a saving of \$15.30 a year, or .51 per cent of his income. But a great number of those are not entitled to claim; therefore they would not be getting the maximum saving, in fact the saving would just be a matter of something between zero and \$15.30.

A man with an income of \$10,000, if he is now claiming medical exemption, would be better off by \$78 or .78 per cent of his income. If he has not had medical expenses, or his medical expenses have not come up to 3 per cent of his income, then of course one cannot say just what his saving would be, but it would be something between zero and \$78. But the big point I want to raise in connection with these amounts is not that they are small or insignificant in the eyes of the taxpayer, as I have said.

I do say from personal experience that I find a great number of our taxpayers who seem to think, as they read about this proposition in the newspapers, that if the proposition were accepted the deduction