

It was pointed out on numerous occasions that what could be described as expense account living was very often the only means of promotion or advertising for businessmen whose business does not lend itself to the more usual forms of promotion.

### *Recommendation*

In the absence of any evidence to the contrary, the Committee finds itself unable to accept the breadth of the White Paper proposal. **We recommend that the Department of National Revenue should continue to apply itself vigorously in the pursuit of abuses, using the provisions already available in the *Income Tax Act* for that purpose.**

The White Paper further proposes in this paragraph that "owners or employees of a business having a car or aircraft available to them for their personal use, including travel to and from home would have to pay the business a minimum standby charge, or have a corresponding amount added to their personal income for tax purposes." What would be involved, of course, would be the tax on the standby charge or the amount included in income.

The Committee regards this as a fair proposal providing the standby charge is a reasonable one. **We recommend that the standby charge be related to a portion of the capital cost of the car or aircraft to the employer or related to the market rental charge for which the particular automobile can be leased.** The dollar amount of such a standby fee or inclusion in income should not be onerous but should serve to equate the situation of the person who has to supply his own car for transportation to and from work and for his personal use with a person who has the additional use of a company or business automobile when it is not needed for business purposes.

### **2.12-2.13**

#### *White Paper Proposal*

2. General deduction for employment expenses at 3% of gross employment income, up to \$150.

#### *Comments*

It has long been recognized by taxpayers, and by the courts—both here and in Britain—that discrimination exists in the tax system against employees in the matter of deductible expenses. The self-same expenses are often deductible where a person is self-employed and not deductible where he is an employee; the height of absurdity is reached when one person acts in both capacities and receives different tax treatment for the same expenses.\*

\* As for example in *Harbon v. M. N. R.*, 58 DTC 110, and *Mackay v. M. N. R.*, 58 DTC 447