

Income Tax Act

is a subject which has been raised by many people. However, I believe such a provision would be very discriminatory against people who cannot afford or do not choose to own their own home. I would only say to the hon. member that if he is really aware of any situation where a home owner has been able to claim such an expense through the medium of a corporation, I think the district taxation office would be most interested in knowing about it, even under the present law.

In my earlier answers I neglected to deal with a couple of questions raised yesterday by the hon. member for Edmonton West. I should like to deal with them briefly. He suggested, when I originally discussed the relative levels of taxation in Canada and in other jurisdictions, that I was perhaps misleading the House. I was very careful at that point to use statistics which are not subject to any variation on the basis of provincial, municipal or other taxes. The figures I used were the income figures at which a person starts to pay taxes on those jurisdictions. This figure does not vary, so far as I am aware, on the basis of any particular local condition.

The hon. member suggested that perhaps under section 109 (1)(d) the age of 21 that is presently prescribed in respect of a dependant resident in his parents' household should be reduced to 18 in conformity with changes in the law being made in both federal and provincial jurisdictions. I believe that upon analysis the hon. member would agree that such a change would impose an additional burden on taxpayers, would not be relieving, and that perhaps it would be of advantage to taxpayers to be able to automatically claim their children up to age 21 as dependants rather than having to prove they are mentally or physically handicapped or are in an educational institution once they get beyond age 18.

I may not have picked up all the points raised recently by hon. members. The hon. member for Dauphin raised some points concerning medical expenses. Certainly we are most interested in obtaining a suitable definition of a nursing home because we agree there is a great deal of merit in the argument presented here. We will look into the situation in the provinces to ascertain the validity of the contention that persons require bona fide medical certificates, and so on, in order to get into nursing homes. If it is possible to obtain a fair definition, then I am certain the minister would be more than happy to consider the representations which have been made here. The hon. member for Dauphin also made representations concerning the extension of the medical category to other health services. We will consider that matter but I am not, perhaps, too optimistic in this regard.

● (5:50 p.m.)

I do not think there is anything else. I gather that no one else is prepared to speak and that the Chair is ready to rule on the hon. member's amendment. If I am correct, we might call it six o'clock.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I wonder if the parliamentary secretary would make a few comments on the remarks made by the hon. member for Fraser Valley West, the hon. member for Dauphin and perhaps others on the 3 per cent level that is still in the Income Tax Act with respect to medical expenses. One of

[Mr. Mahoney.]

the advantages of having been around here for a while is that one remembers the history of these things. When it was first brought in, it was 5 per cent. We pleaded for it to be wiped out altogether, and eventually we got it down to 4 per cent and then down to 3 per cent. Why stop there?

Mr. Mahoney: I think that the figure cannot be regarded as anything except one arbitrarily chosen and this is, in my opinion, fair enough. I think most families, in addition to the assistance that is available to them through medical plans today which are subsidized by the general body of taxpayers, have to regard a certain amount of medical expenses as being personal living expenses.

The objective here is to make sure that people with unusual burdens of medical expense not be placed in a very unfair and untenable position. I have not heard any arguments that would lead me to believe that 3 per cent is wrong. I appreciate the fact that 1 per cent or 2 per cent would be more favourable to the taxpayers; certainly it would be more favourable to some in the higher income brackets who would benefit greatly from the ceiling being lowered.

Mr. Knowles (Winnipeg North Centre): A tax credit would be better.

Mr. Mahoney: However, a figure has been chosen. Perhaps there are arguments, but I have not heard them, to suggest persuasively that it should be reduced.

Mr. Burton: Mr. Chairman, may I put a question to the parliamentary secretary in that regard? He expressed the view that an individual should retain some responsibility for medical expenses and that this provision is really designed to provide some compensation relative to unusual medical expenses. The parliamentary secretary will recall that when the 3 per cent level was established, with the exception of progressive and forward-looking provinces like Saskatchewan which had a hospitalization plan already in effect, most of the provinces and jurisdictions did not have any hospitalization or medicare plan and all of these expenses could be considered in making the calculations concerning medical expenses. Therefore, would the parliamentary secretary not agree that the concept at that time was that only medical expenses of an unusually high nature were to be considered?

I ask this question relative to the fact that at that time the 3 per cent covered all medical, hospital expenses and other items now included in the proposed bill, or most of them. The proposal now before us relates only to special items, and the 3 per cent level is still being retained.

Mr. Mahoney: I do not pretend to know what the criteria were in choosing the original 5 per cent, reducing it to 4 per cent and then to 3 per cent, but I do think that the 3 per cent level has not been demonstrated to be unfair as yet. I can see, certainly in general terms, the desirability from the point of view of individual taxpayers of having that figure reduced, but I do not know what the criteria were in the first place.

I think today we accept the idea that in most cases publicly supported medical plans are available in Canada and most Canadians enjoy the benefits provided by them. This is, today at least, more of a safety valve and not necessarily designed to permit the deduction of what