

LETTER TO THE EDITOR

The following letter was written by J.D. Neill a Public Accountant of Geraldton, Ontario to the Hon. Edgar Benson, Minister of Finance, in Ottawa.

We do not know Mr. Neill's political affiliation but can comment that we have heard some of his comments repeated by members of all parties at various time, especially around election time.

Dear Mr. Benson:

I have read with interest the Government of Canada's White Paper, Proposals for tax reform, and I have read with equal interest the comments inserted in newspapers and national publications thereon.

The comments following, while largely those of the writer, have in part been suggested to me by my clients in my accounting practice, who have completely endorsed the content of this letter to you, for your Government's attention and consideration.

It is well known that no taxing system is perfect, nor will it be fair and equitable to all concerned, but the history of Canada has shown relatively minor defects in a taxation system and its administration tend to be accepted by the majority of the major taxpayers if the system is performing, by and large, the purposes for which it was established.

I believe that our taxation system should be a system of allowing all of the citizens of Canada to share in necessary administrative costs and in necessary growth and improvement advancement, and to enable Canada to become a respected World partner, not necessarily a World power. If Canada, as a whole, is to be able to point to its accomplishments with pride, then each Canadian must be able to point to his or her individual accomplishments with equal pride. In no other way will Canada become a respected World nation and our citizens become proud to live in Canada.

Any attempt by any Government to reform fairly and equitably our taxation system will be welcomed, but every such attempt must clearly meet the principle query - IS IT JUST AND FAIR TO ALL CONCERNED? I believe that there has been a tendency in recent years for governments to lend an ear, very possibly an anxious ear, a little too much to the crying of the have-nots and bending thereto, rather than attempting by just and fair legislation to assist the have-nots to assist themselves. The Federal Government's re-training program, a case in point. Certainly, one of the better government institutions, in recent years, but unfortunately smacking too much of government beneficence rather than legislation which assists. In this point those retrained, whether successfully or not, should at least participate in the cost, because they benefit, rather than simply receive and in most cases grumble thereafter about the inadequacy thereof. It is undoubtedly one of the reasons why the Government feels that increased tax revenues are necessary, a drain on the treasury, therefore a need to be replaced, therefore more taxes. My point-it is not JUST AND FAIR TO ALL CONCERNED. I have yet to see any person, regardless of his or her age group or status, financial or otherwise, who did not appreciate that which was worked for more than that which was "Handed Out".

The Government's present proposals, it would appear, are designed to extract a little more from the "haves" to give to the "have-nots" who will not have worked for it whereas the "haves" undoubtedly did. This is NOT FAIR AND JUST TO ALL CONCERNED.

I believe in the principle of taxation of income, because it is fair and just and ceases when income ceases but the principal of taxation of assets is unfair because it continues year after year, whether income is there or not and all too often leads to the loss of the assets. If one has income, then one has extracted a value from society and, fairly, should pay for it, whereas one's assets are usually provided from tax-paid income and should remain sacred from the "tax-axe". Nowhere does this show more plainly than in municipal real-estate taxation, where one's efforts to improve are penalized-forever-not just once. Income is truly only taxed once

and therefore is fair.

Capital gains are income and therefore should be taxed and the fears of those who oppose a capital gains tax would be allayed if all taxation were to be set at a fair and equitable rate, rather than its present high and very unnecessary rate.

Unemployment insurance benefits are income and should therefore be taxed and the cost, in identical fashion to Canada Pension Plan contributions should be deducted from income, and should be reported on the annual T.4 slip in a similar manner. This would serve to eliminate the tremendous duplication of effort imposed on employers at year end for which no payment is received and no benefits accrue.

It is tragic indeed that the Government has enacted legislation which makes Canada Pension Plan contributions and Unemployment Insurance contributions to be shared by the employer and the employee. This type of legislation has encouraged the average employee to think "the Government and my employer owe me a living" when in fact the decision as to whether or not to have a living is entirely up to the employee and he should be encouraged to work aggressively for that and not to demand bigger and better welfare benefits. Psychologists have demonstrated for years that the person who is handed things on a platter becomes an inferior citizen.

I believe that there should be one tax rate, possibly graduated, based on income declared on one return-not two-federal and provincial, set at a fair rate to cover the cost of proper government administration and improvements. Such a system is possible, practical and efficient, and when levied properly would serve to encourage the individual to adhere to its rules and regulations rather than find devious ways and means of avoiding and even evading taxation. Of course, it goes without saying that the penalties for evasion under such a system should be instituted fairly and properly without fear or favour.

To enable such a system to operate properly requires two basic principles-elimination of unnecessary spending and declaration of all types of income.

I will illustrate my point with two simple examples - Elimination of unnecessary spending - delete from the welfare roles of every municipality the able-bodied man for all periods in excess of sixty days, per application - the resultant dollar saving would exceed \$19,000,000 per year.

Declaration of all types of income-enforce addition to taxable income declared of all types of casual income-specifically part time employment and income under \$250.00 per year, as allowed by present T.4 reporting regulations. A person who makes \$5,000 per annum performs an occasional service for a registered employer and received \$200.00. This is not required to be reported but if added to the \$5,000 income could mean an additional tax of at least \$30.00 per year per item. Prime examples of this type of income are part-time dance band musicians, part-time carpenters, part-time firemen, cleaning women and off-duty automobile mechanic. I will not attempt to estimate the additional taxable income that declaration of these items would produce but it is obvious that the total would be staggering.

To expand on my point of unnecessary spending, I should like to begin with the Government's Auditor General. He is performing a fine service but unfortunately he is obviously only a reporter, he has little or no authority to institute reforms or exercise controls. The establishment of a comptroller's office, while expensive, would obviously, based on Canadian Press reports, eliminate millions of dollars of tax dollar wastage.

If the Government insists on controlling Canadian Television through its subsidy of the CBC then users of television sets should be charged, rather than have the entire Canadian population pay for this rather weak service through enforced taxation. A fairer system than that would be to allow private business to manage the entire system. Other countries have proven this to be quite successful.

The Company of Young Canadians - CYC - should be controlled if not completely eliminated. I have yet to hear of one

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