

Watson's bill creates tax unfairness

It has been brought to my attention by seniors from the Essex County and Windsor area that Jeff Watson, Member of Parliament for Essex, recently stated in the media that his Private Member's Bill C-305 may be included in the upcoming budget. In a nutshell, Bill C-305 grants Canadian retirees who worked in the United States, and receive U.S. Social Security, a 50 per cent discount on the income they must declare for income tax purposes.

It is false for Mr. Watson to suggest that the Liberal Party is in full support of Bill C-305. In fact, Liberal Members of Parliament supported second reading of this bill, among others, so that it can proceed to the Finance Committee where it can be thoroughly examined by committee members. In committee, Liberal MPs will continue to ensure that there is true tax fairness between Canadians who paid into the Canada

Pension Plan and those who paid into U.S. Social Security, and we will show that this bill is a tax break for a special interest group that will be paid for by ordinary Canadians. As it stands now, Mr. Watson has never expressed any interest in ensuring that there is a level playing field between CPP and U.S. Social Security recipients and seems to be pushing a tax break for a special interest group that will be paid for by ordinary Canadians.

1) Prior to 1996, U.S. Social Security recipients were taxed in their country of residence. Since 1962, Canadian residents working in the United States have been allowed a dollar-for-dollar foreign tax credit on their Canadian income tax return in respect not only of their U.S. taxes but also their contributions to U.S. Social Security. So on a contribution of \$1,600, they received a credit of \$1,600, whereas Canadians working in their own country

were allowed a credit of 25 per cent for CPP, or \$400 on payments of \$1600. A four-fold difference.

2) In the United States pensioners were allowed to reduce the amount of U.S. Social Security they declared by 50 per cent before taxes. Through the Canada-U.S. Tax Treaty our government allowed the same reduction for Canadian retirees who worked in the U.S. and

resided in Canada even though Canadian retirees who received CPP paid taxes on 100 per cent of their income.

3) The United States eventually changed its inclusion rate from 50 per cent to 85 per cent. As a result, in 1995 and 1996, the Canada-U.S. Tax Treaty was amended so that Canadians and Americans receiving U.S. Social Security but residing in

Canada were subject to a flat tax of 25 per cent by the U.S. Government. Almost immediately this was deemed unfair to low income recipients who should pay much less than 25 per cent tax on their income.

4) In short order the Canada-U.S. Tax Treaty was amended again and retirees living in Canada were subject to paying tax in Canada on 85 per cent of their U.S. Social Security income. However, any financial hardships incurred by these retirees over this two-year period were made up in retroactive funds!

In actuality, under income tax improvements initiated by the Liberals, all low income recipients of U.S. or Canadian public pensions pay little, if any, tax. Clearly higher income Social Security pensioners have a distinct advantage over other Canadian retirees. They only have to claim 85 per cent of their U.S. Social Security

income for income tax purposes. Now Watson has introduced a bill that would give these workers a discount increase of 50 per cent before taxes. Even if they lived in the U.S. they would pay tax on 85 per cent of their Social Security.

Watson's bill, designed for a special group of Canadians, would cost millions of dollars and would fall squarely on the shoulders of Canadian taxpayers, in particular Canadian seniors. It would be more appropriate if Mr. Watson expressed an interest in leveling the playing field, to ensure that Canadians with similar incomes pay the same amount of tax on their public pensions regardless of whether they receive CPP or U.S. Social Security payments. The Liberal Party has no intention of giving a large tax break to one group of Canadians and forcing the rest of the country to pick up the bill.



commentary

Hon. John McCallum
Liberal Finance Critic
MP for Markham-Unionville

Harrow Youth Centre given \$24K commitment

BY DANIEL SCHWAB

A representative of the Youth and Family Resource Network of Essex County says more programming will be made available at the Harrow Youth Centre over the next year after Essex Council made a commitment to pump \$24,000 into the centre during its budget deliberations last week.

Michelle Weglarz, acting executive director of the YFRN, said the funding would be used for a number of projects such as after school programming, peer support programs and a project to aid the homeless.

The YFRN runs centres in Cottam, Kingsville and Harrow.

In January, Weglarz expressed her concerns to council that the HYC was in danger of closing due to a lack of funding and she presented council with a proposal for a partnership. At

that time, council made a promise to meet with YFRN representatives and look for ways of securing funding for the centre.

On Tuesday, council made the \$24,000 commitment "to help the centre get back on its feet," said town treasurer Donna Hunter.

Hunter is hoping council will have a balanced budget in place this week where the commitment can be adopted "in principal," and a public meeting can be held to further approve the budget during council's first regular meeting in April.

Currently, HYC staff is down to one employee per half day. Weglarz said with the proposed funding, the centre would be able to stay open five days a week and the worker would be employed full time. If the after school program grows to more than 15 kids, another employee would have to be hired, she added.

During council's meeting

on March 5, Weglarz said, "People in Essex County aren't aware of our services. The services we're providing aren't like other services around here. We're looking for help to hit that self-sustaining place again."

She suggested they develop a steering committee to raise funds and organize community projects such as cleaning up parking lots, holding open houses and having a booth at the Harrow Fair to gain greater exposure.

Coun. Ron Rogers said, "It's becoming more apparent how important the (HYC) is to the community. As a council, we should look at how to finance them through their tough time and into self-sufficiency."

During her initial meeting with council, Weglarz said funding cuts have reduced staff members from 22 to nine at the three area youth centres. As well, programs offered at the sites have

been cut in half.

The YFRN is also struggling to accommodate a huge increase in clientele,

which has skyrocketed from about 200 users in 2002 to more than 700 in 2005.

Correction

Phil Roberts was misidentified in a story about the town's new environmental committee that appeared in the February 28th edition of The Essex Free Press.

Last week The Essex Retirees Social Club was misidentified as being a sponsor in an article about the Girls Night program.

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