

SUBMISSION TO FEDERAL GOVERNMENT FINANCE COMMITTEE

My name is Margaret MacKay; I live in Linkletter, outside Summerside, PEI and I am writing this submission as an individual.

One issue, that I would like your committee to address, is that the Province Of Prince Edward Island and other provinces continue to cause hardship for low income and seniors by setting their Provincial Income Tax Personal Deductions/Exemptions far below Federal Deductions/Exemptions, which results in these individuals paying far more provincial income tax than Federal Income Tax, even though Provincial Tax rates are much lower than Federal Tax rates. In my case, with a taxable income of \$26,675.34, I paid \$847.95 Federal Income Tax and \$1,260.95 Provincial Income Tax for Tax Year 2015, with the same thing happening since I retired in 2012.

Low Income employees and Seniors do not qualify and can not afford other tax deductions that other higher income tax payers can, so basically the Provinces are unfairly over taxing the people who can least afford to pay and other provinces are also abusing these tax deductions/exemptions.

The Income Tax Act is a Federal Government Act, administered by the Federal Government through Canada Revenue Agency/Revenue Canada and therefor the Personal Deductions/Exemptions could be controlled/changed by the Federal Government in the Federal Income Act. I am asking your committee to look at this problem and consider it. This problem would also make an excellent negotiating tool to use with the Provinces and their Finance Ministers and the Federal Ministers, rather than having to legislate it, but could reoccur later.

After I raised it at 3 Provincial Budget Input Meetings, PEI tried to address it with a small personal and age deduction, but they then went and means-tested at \$17,000, which meant it was useless, and showed Provincial Treasury Board employees do not understand the Income Act as they do not work with like Federal Tax employees do daily.

The Provincial Personal Basic Exemptions, Age Deduction and Pension Deduction need to be raised to Federal Rates and indexed to  
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Federal index rates. The Provinces are abusing the Federal Income Act and instead, need to raise their own Income Tax Rates accordingly for the people who can afford to pay, rather than bleeding the ones who cannot afford to pay. Paying my Income Tax every year has become a hardship for me, as my gross income is less than \$2,200 a month as a single senior.

At present I am on the verge of taking these Provincial Tax Deductions/Exemptions to Revenue Canada's Tax Fairness Unit and to a Human Rights Commission if they are not addressed soon.

I have done no research on the other provinces rates, which I am aware are a little higher than PEI's, or on the Federal Income Act, which your committee would have a better knowledge of. The one province that would have a far better know of the Federal Act is MRQ in Quebec, which collects all that provinces taxes. When I worked with Canada Revenue Agency, I enjoyed excellent relations and co-operation with them. Prince Edward Island's Provincial Income Tax Form is absolute mess and almost no one would qualify for any of their deductions.

Thank you for allowing me to address this issue with your committee. I hope that your committee will continue to allow input from us in future.

Thank you and All the Best in your Meetings; I will be watching!

(Sgd.)

  
Margaret MacKay