In calculating the amount of his income tax, an individual is allowed tax credits under three main headings: (1) *Dividend Tax Credit*—to partially eliminate the double taxation of corporate profits and to encourage participation in the ownership of Canadian companies, a Canadian resident is allowed to deduct from his tax an amount equal to 20 p.c. of the net dividends he receives from Canadian taxable companies; (2) *Foreign Tax Credit*—foreign taxes paid on income from foreign sources may be credited against Canadian income tax but the credit may not exceed the proportion of Canadian tax relative to such income; and (3) *Provincial Tax Credit*—an individual liable for the payment of a provincial income tax may claim an abatement of 13 p.c. of his federal tax otherwise payable on that part of his income subject to the provincial levy.

To a very large extent, individual income tax is payable as the income is earned. A taxpayer in receipt of salary or wages has his tax deducted from his pay by his employer and in this way pays nearly 100 p.c. of his tax liability during the calendar year. The remainder, if any, is payable at the time of filing the tax return before Apr. 30 of the following year. A taxpayer receiving more than 25 p.c. of his income from sources other than salary or wages must pay tax by quarterly instalments throughout the year. His return must also be filed before Apr. 30 of the following calendar year.

The following statement shows what taxpayers pay at various levels of income. In calculating these taxes it has been assumed that all taxpayers take the standard deduction of $100. No allowance has been made for the 20-p.c. dividend tax credit. Also, these taxes apply throughout Canada except in the Province of Quebec. A Quebec taxpayer has his federal tax reduced by 13 p.c. because Quebec also imposes an income tax on individuals.

Status	Income	Income Tax	Old Age Security Tax
	$	$	$
Single taxpayer—no dependants	1,200	11	3
	1,500	44	12
	2,000	99	27
	2,500	166	42
	3,000	236	57
	5,000	591	90
	10,000	1,840	90
	20,000	5,825	90
	50,000	20,965	90
	100,000	50,855	90
Married taxpayer—no dependants	2,200	11	3
	2,500	44	12
	3,000	99	27
	5,000	403	87
	10,000	1,544	90
	20,000	5,375	90
	50,000	20,415	90
	100,000	50,205	90
Married taxpayer—two children eligible for family allowances	2,800	22	6
	3,000	44	12
	5,000	318	72
	10,000	1,414	90
	20,000	5,150	90
	50,000	20,195	90
	100,000	49,880	90

Corporation Income Tax

The Income Tax Act levies a tax upon the income, from everywhere in the world, of corporations resident in Canada and upon the income attributable to operations in Canada of non-resident corporations carrying on business in Canada.

In computing income, a corporation may deduct operating expenses, including municipal real estate taxes, and also reserves for doubtful debts, bad debts and interest on borrowed money. It may not deduct provincial income taxes other than provincial taxes on income derived from mining and logging operations. For this purpose "income from