taxpayer is blind or confined for the whole of the taxation year to a bed or a wheelchair, an additional $500; charitable donations, up to 10 p.c. of income; and medical expenses, in excess of 3 p.c. of income. In lieu of claiming deductions for charitable donations and medical expenses, an individual may claim a standard deduction of $100.

As already stated, an individual who is resident in Canada for the whole year is taxed on his income from both inside and outside Canada. An individual who is not resident in Canada at any time during the year but who carries on business in Canada or who earns salary or wages in Canada is taxed only on the income earned in Canada. In computing taxable income earned in Canada, such a non-resident individual is allowed to deduct that part of the exemptions and deductions that may reasonably be attributed to the income earned in Canada. (A non-resident who derives investment income from Canada is taxed in a different way described on p. 1021.) An individual who ceases to be a resident of Canada during the year or who becomes a resident during the year so that he is resident for only part of the year will be subject to income tax in Canada on only that part of his income for the year received while he is resident in Canada. In these circumstances, the deductions from income permitted for determining taxable income will be the amount that may reasonably be considered as applicable to the period during which he is resident in Canada.

A progressive schedule of rates is applied to taxable income, beginning at 11 p.c. on the first $1,000 of taxable income and increasing to 80 p.c. on taxable income in excess of $400,000. In addition, an old age security tax is levied on taxable income at the rate of 4 p.c. with a maximum of $120* reached at the level of $3,000.

After calculating income tax using this progressive schedule of rates, an individual is allowed a deduction from his tax under four 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, Canadian resident individuals are allowed to deduct from their tax an amount equal to 20 p.c. of the net dividends they receive 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 related to such income. (3) *Abatement under Federal-Provincial Fiscal Arrangements*—in 1966 the federal personal income tax otherwise payable on income of a resident of a province and on income earned in a province is reduced by 24 p.c., except in the case of income earned in Quebec or received by a resident of Quebec where it is 47 p.c. (see p. 1020). (4) *General Tax Reduction*—in 1966 all individuals may deduct from their tax an amount equal to the aggregate of 4 p.c. of their basic tax, not exceeding $240, and 12 p.c. of their basic tax, not exceeding $12. In 1967 and subsequent years, this deduction will be 20 p.c. of basic tax, not exceeding $20. "Basic tax" is personal income tax, excluding the old age security tax, after deduction of the dividend tax credit but before the abatement for provincial income tax.

To a very large extent, individual income tax is payable as the income is earned. Taxpayers in receipt of salary or wages have tax deducted from their pay by their employer and in this way pay nearly 100 p.c. of their tax liability during the calendar year. The balance of the tax, if any, is payable at the time of filing the tax return before Apr. 30 in the following year. Persons with more than 25 p.c. of their income from sources other than salary or wages must pay tax by quarterly instalments throughout the year and returns must be filed before Apr. 30 in the following calendar year.

The following statement shows what taxpayers pay (1966) at various levels of income. In calculating these taxes it has been assumed that all taxpayers take the standard deduction of $100 and no allowance has been made for the 20-p.c. dividend tax credit.

* Raised in December 1966 to $240, effective Jan. 1, 1967.