resident also includes employees who go from Canada to work under certain international development assistance programs.

Canadian tax law uses the concepts "income" and "taxable income". The income of a resident of Canada for a taxation year comprises his revenues from all sources inside or outside Canada and includes income for the year from businesses, property, offices and employments. Since January 1, 1972, it has also included one half of any capital gains.

In computing his income, an individual must include benefits from employment, fees, commissions, dividends, annuities, pension benefits, interest, alimony and maintenance payments. Also included are unemployment insurance benefits, scholarships in excess of $500, benefits under a disability insurance plan to which his employer contributes and other miscellaneous items of income. On the other hand, war service disability pensions paid by Canada or a country that was an ally at the time of the war service, social assistance payments made on a needs-test basis under a prescribed program, compensation in respect of an injury or death paid under a Workmen's Compensation Act of a province and family income security payments do not have to be included in the computation of income.

An employee does not have to include in his income, allowances paid to him by his employer to cover travelling expenses to a distant work site, or board and lodging while at the site. In order to qualify, the worker must travel away from his ordinary residence in which he supports his wife or other dependent, the work site must be temporary and the time away from his ordinary residence must be at least 36 hours.

Certain amounts are deductible in computing income. These include contributions to a registered employees pension plan, premiums to a registered retirement savings plan, premiums under the unemployment insurance program, alimony payments and union dues. Beginning in the 1974 taxation year a taxpayer 18 years of age or over who does not own a house may deduct contributions, of up to $1,000 a year, to a lifetime maximum of $10,000, to a registered home ownership savings plan. The proceeds of such plans will be taxable when they are paid to the taxpayer unless they are applied by him to the purchase of a home or home furnishings. An employee may deduct 3% of his salary or wages (up to a maximum of $150 a year) to cover expenses of earning his income. No receipts or details of actual expenditures are necessary to claim this deduction. Expenses of meals and lodging while away from home are deductible by employees who have to travel as they perform their work, such as employees who work on trains or who drive trucks. Where a mother has her children cared for in order that she may work, she may deduct this expense subject to certain limitations. A father may deduct child care expenses where he is the only parent of the family or where the mother is incapable of caring for the children. Expenses of moving to a new work location are deductible from income earned in the new location. These moving expenses may be deducted by salary- or wage-earners, self-employed persons and, in some instances, by students at post-secondary educational institutions. Students attending universities, colleges, high schools or certain other certified educational institutions in Canada may deduct their tuition fees if they exceed $25 a year. Students in full-time attendance at universities outside Canada are also allowed to deduct their tuition fees.

An individual carrying on a business may deduct his business expenses in computing his income. These include wages, rents, depreciation (called capital cost allowances), municipal taxes, interest on borrowed money, reserves for doubtful debts, contributions to pension plans or profit-sharing plans for his employees, and bad debts.

All individuals must now count half of their capital gains as income. The taxable capital gains of an individual are determined by deducting his capital losses from his capital gains and dividing by two. In the event that an individual's losses exceed his capital gains, $1,000 of his allowable capital losses may be deducted from other income. Losses not deducted in the year incurred may be carried back one year or forward to future years to be deducted. Capital gains or losses are those realized on the disposition of property. Other gains or losses such as from a lottery or gambling are not included. The sale of personal property at a price not exceeding $1,000, and the sale of a taxpayer's home, do not create a capital gain or loss. A sale or disposition of property is deemed to have taken place when the taxpayer dies or makes a gift of property unless the property is left or given to his spouse. On the first disposition, after the beginning of the system, of capital property owned before the beginning of the system, a capital gain is computed by reference to the higher of cost or valuation-day value and a capital loss by reference to the lower of cost or valuation-day value. Thereafter the capital gain or