individuals must be filed on or before April 30 of the following calendar year. Farmers and fishermen pay two thirds of their tax on or before December 31 each year and the remainder on or before April 30 of the following year. Table 20.24 shows the amount of personal income tax payable on various levels of income in 1975.

Corporation income tax. The Income Tax Act levies a tax upon the income from anywhere 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. One half of capital gains must be included in income. In computing their income, corporations may deduct operating expenses including municipal real estate taxes, reserves for doubtful debts, bad debts and interest on borrowed money. The deduction for interest includes interest on money borrowed to acquire shares in another corporation. There is a limitation on the deduction of interest paid to non-residents. One half of capital losses may be deducted from the capital gains included in income.

Corporations may deduct over a period of years the capital cost of all depreciable property. The yearly deductions of normal capital cost allowances are computed on the diminishing balance principle. Regulations issued under authority of the Income Tax Act established a number of classes of property and maximum rates. Typical rates include 5% for most buildings, 20% for machinery and 30% for automobiles. Where property is disposed of for more than the amount to which it has been written down by capital cost allowances, the excess allowances are "recaptured" through an addition to income or by an adjustment to the undepreciated balance for the class of property.

Accelerated depreciation (full write-off in two years) is allowed in respect of structures and equipment acquired by manufacturers and processors after May 8, 1972 for use in Canada.

Current or capital expenditures on scientific research related to the business of the taxpayer may be written off for tax purposes in the year when incurred or any subsequent year.

A corporation whose principal business is mining, oil production and allied activities may deduct the costs of exploration in Canada against any income in the year the costs were incurred or in subsequent years. Development costs which previously were treated like exploration costs must be amortized at 30% per annum for costs incurred after May 6, 1974. Taxpayers who do not meet the "principal business" test are entitled to deduct exploration and development expenses incurred after May 6, 1974, at a rate of 30% per annum from other income. Taxpayers may deduct certain foreign drilling expenses from directly related foreign-source income. Starting in 1972, all taxpayers may put foreign exploration and development expenses in a separate asset class and deduct them over a period of years if they exceed income from foreign mineral and petroleum properties.

Capital equipment and facilities for a new mine may be written off immediately against income from the mine. The assets eligible for this accelerated depreciation include buildings, mining machinery, processing facilities and "social capital" such as access roads, sewage plants, housing, schools, airports and docks. The accelerated write-off provision for new mines will also apply in the case of a major expansion of an existing mine where there has been at least a 25% increase in milling capacity. The list of eligible assets is the same as for new mines except that "social capital" does not qualify.

Taxpayers operating mines, oil wells, gas wells and wells for extracting potash by the solution method have been allowed a depletion allowance, usually computed as a percentage of profits (after deduction of capital cost allowances, exploration and drilling expenses and certain interest expenses) derived from mineral, oil or gas production. This allowance is in addition to capital cost allowances on buildings, machinery and similar depreciable assets used by the taxpayer and the deduction of his exploration and drilling expenses. This automatic deduction for depletion ended on May 6, 1974 after which a taxpayer will be able to deduct depletion only if it has been "earned" by exploration or development or certain new mine assets or assets acquired for a major expansion of a mine. For every $3 of eligible expenditures, a taxpayer will earn the right to deduct $1 of depletion. Eligible expenditures made after November 7, 1969 can be accumulated for the purpose of calculating earned depletion.

Taxpayers operating timber limits receive an annual cost allowance with respect to the cost of the limit. The rate of the allowance is based on the amount of timber cut in the year.