income in a form not subject to tax deductions at source must pay tax by quarterly instalments. Returns of these individuals must be filed on or before April 30 of the following calendar year. Farmers and fishermen pay two thirds of tax on or before December 31 each year and the remainder on or before April 30 of the following year. Table 20.18 shows the amount of personal income tax payable on various levels of income in 1976.

Canadian employers are required to deduct and remit to the government income tax from the amounts paid to their employees as wages and salaries. Revenue Canada, Taxation provides employers with deduction tables to guide them in calculating the amount of federal and provincial income taxes, Canada Pension Plan contributions and Unemployment Insurance premiums to be withheld.

On December 31, 1975, the Taxation Data Centre had on record more than 643,121 employers with deductions for the 1975 year. On March 31, 1976, the end of the department's fiscal year, employers' tax deductions, CPP contributions, and UI premiums totalled approximately $18,942 million.

Corporation income tax. The Income Tax Act levies a tax upon 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 income, corporations may deduct operating expenses including municipal real estate taxes, reserves for doubtful debts, bad debts and interest on borrowed money.

Corporations may deduct over a period of years the capital cost of all depreciable property. The normal capital cost allowances are computed each year, on the diminishing balance principle. Regulations established a number of classes of property and maximum rates. Typical rates include 5% for most buildings, 20% for machinery and 30% for automobiles. Accelerated depreciation (full write-off in two years) is allowed in respect of machinery 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 or a related activity may deduct Canadian exploration expenses (as defined) from income from any source in the year in which the expenses are incurred and any unused balance can be carried forward indefinitely. Corporations which do not meet the principal business test may deduct Canadian exploration expenses incurred between May 25, 1976 and July 1, 1979. For such corporations Canadian exploration expenses incurred on or before May 25, 1976 must be amortized at 30% on a declining balance basis. For all corporations, the amount which may be deducted for Canadian development expenses (as defined) may not exceed 30% of the unamortized balance.

Taxpayers with resource profits (as defined) are entitled to a resource allowance equal to 25% of such resource profits before the deduction of interest expense, exploration and development expense and earned depletion. In addition to the resource allowance, a taxpayer with resource profits may deduct earned depletion in computing his income for a taxation year. The earned depletion deduction for a particular taxation year is the lesser of the earned depletion base (one third of qualifying expenditures to date less previous claims) and 25% of the resource profits. Canadian exploration and development expenses are qualifying expenditures.

Provincial royalties and mining taxes are not deductible in computing taxable income for federal purposes.

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