Accounts and financial statements. Under the Financial Administration Act, Treasury Board may prescribe the manner and form in which the accounts of Canada and the accounts of individual departments shall be kept. Annually, on or before December 31 or, if Parliament is not then sitting, within any of the first 15 days after Parliament resumes, the Public Accounts, prepared by the Receiver General, are laid before the Commons by the Minister of Finance. The Public Accounts contain a survey of the financial transactions of the fiscal year ended the previous March 31 and statements of revenues and expenditures, assets and direct and contingent liabilities, together with other accounts and information required to show the financial position of Canada. The statement of assets and liabilities is designed to disclose the net debt, which is determined by offsetting against the gross liabilities only those assets regarded as readily realizable or interest- or revenue-producing. Fixed capital assets, such as government buildings and public works, are charged to budgetary expenditures at the time of acquisition or construction and are shown on the statement of assets and liabilities at a nominal value of $1.00. Monthly financial statements are also published in the *Canada Gazette*.

22.2.2 Sources of revenue

Individual and corporation taxes. As shown in Table 22.2, income taxes are the greatest source of gross general revenue for the federal government. Approximately 75% of individual taxpayers are wage- or salary-earners who have almost the whole of their tax liability deducted at the source by their employers. All other taxpayers are required to pay most of their estimated tax during the taxation year. Thus, the greater part of the tax is collected during the same year in which the related income is earned and only a limited residue remains to be collected when returns are filed. The collections for a given fiscal year include employer remittances of tax deductions, Canada Pension Plan contributions, unemployment insurance premiums and instalments, embracing portions of two or more taxation years, and year-end payments; they cannot therefore be closely related to the statistics for a given taxation year. As little information about a taxpayer is received when the payment is made and as a single cheque from one employer may frequently cover the tax payment of hundreds of employees, the payments cannot be statistically related to taxpayers by occupation or income. Descriptive classifications of taxpayers are available only from tax returns, but collection statistics, if interpreted with the current tax structure and the above factors in mind, indicate the trend of income in advance of final compilation of statistics. The statistics given in Table 22.7 pertain to revenue collections for fiscal years ended March 31, 1980-85.

Individual income tax. The federal government has adopted a tax system in which taxpayers volunteer the facts about their incomes and calculate the taxes they must pay. Every individual resident in Canada is liable for the payment of income tax on all his income regardless of where it is earned. A non-resident is liable for tax only on income from sources in Canada. Residence is the place where a person resides or where he maintains a dwelling ready at all times for his use. There are also statutory extensions of the meaning of resident to include a person who has been in Canada for an aggregate period of 183 days in a taxation year, a person who was during the year a member of the armed forces of Canada, an officer or servant of Canada or of any one of its provinces, or the spouse or dependent child of any such person. The extended meaning of resident also includes employees who go from Canada to work under certain international development assistance programs.

Canadian tax law uses the concepts of income and taxable income. Income means income from all sources inside or outside Canada and includes income for the year from businesses, property, offices and employment. Since January 1, 1972, it has also included half of any capital gains.

In computing 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, family allowance payments, scholarships in excess of $500, benefits under a disability insurance plan to which his or her employer contributes and other miscellaneous items of income. A number of items are expressly excluded from income, including certain war service disability pensions, social assistance payments, compensation for an injury or death under provincial worker compensation acts, family income security payments and guaranteed income supplement which is a payment made to individuals over age 65 who have little or no income in addition to their old age pension.

Taxable capital gains are determined by deducting capital losses from capital gains and dividing by two. If losses exceed capital gains,