

d) General tax reduction:

In 1965, all individuals may deduct from their tax an amount equal to the lesser of 5 per cent of their "basic tax" or \$300.

In 1966, and subsequent taxation years, this deduction will be the lesser of 10 per cent of "basic tax" or \$600. "Basic tax" is personal income tax excluding the old-age security tax after deduction of the dividend tax credit but before the abatement under the federal-provincial arrangements.

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 per cent 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 April 30 of the following year. People with more than 25 per cent of their income from sources other than salary or wages must pay tax by quarterly instalments throughout the year. Here again returns must be filed before April 30 in the following calendar year.

Table A follows, showing what taxpayers pay at various levels of income:

TABLE A

Canadian Personal Income Tax in 1965

	<u>Income</u>	<u>Income Tax</u>	<u>O.A.S. Tax</u>
Single taxpayer - no dependants	\$ 1,200	10	4
	1,500	42	16
	2,000	94	36
	2,500	158	56
	3,000	224	76
	5,000	561	120
	10,000	1,748	120
Married taxpayer - no dependants	20,000	5,534	120
	50,000	20,665	120
	100,000	50,555	120
	2,200	10	4
	2,500	42	16
	3,000	94	36
	5,000	383	116
	10,000	1,467	120
	20,000	5,106	120
	50,000	20,115	120
	100,000	49,905	120