As already stated, an individual resident tax reduction: Year is taxed on his income from both inside and out to taxe to taxe

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:

After calculating income tax using this progressive schedule of rates,

an individual is allowed a deductioA alBAT this tax under four main headings:

Canadian Personal Income Tax in 1965

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