

period of 183 days in a taxation year, or a person who was during the year a member of the armed forces of Canada, or an ambassador, a high commissioner, or an officer or servant of Canada or of any one of its provinces, or the spouse or dependent child of any such person.

The Canadian tax law uses the conceptions "income" and "taxable income". The income of a resident of Canada for a taxation year comprises his revenues from all sources inside or outside Canada and includes income for the year from all businesses, properties, offices and employments. It does not include capital gains unless they arise out of the conduct of a business or as a result of an adventure in the nature of trade.

In computing his income for a taxation year, an individual must include all dividends, fees, annuities, pension benefits, allowances, interest, alimony, maintenance payments and other miscellaneous sources of income. On the other hand, war-service disability pensions paid by Canada or an ally of Her Majesty at the time of the war service, unemployment insurance benefits, compensation in respect of an injury or death paid under a Workmen's Compensation Act of a province and family allowances do not have to be included in the computation of income.

In computing his income, an individual who is carrying on a business may deduct business expenses, including depreciation (called capital-cost allowances), interest on borrowed money, reserves for doubtful debts, contributions to pension plans or deferred profit-sharing plans for his employees, bad debts, and expenses incurred for scientific research. In general no deductions are allowed in computing income from salary and wages, although there are exceptions. These exceptions include travelling expenses of employees who have to travel as they perform their work (such as employees on trains), union dues, alimony payments, and contributions to registered pension plans. Individuals may deduct, within limits, amounts set aside to provide a future income under registered retirement savings plans. Students in full-time attendance at a university or other educational institution in a course at a post-secondary school level may deduct their tuition fees in computing their income.

Having computed his income, the individual calculates his taxable income by deducting certain exemptions and deductions. These exemptions and deductions are as follows:

For single status, an exemption of	\$1000
For married status, an exemption of	\$2000
For dependent children eligible to receive family allowance *	\$ 300 a child **
For other dependants (as defined in the law)	\$ 550 a dependant **

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\* Family allowances are monthly welfare payments by the Federal Government to the parents or guardians of children under 16 years of age. The allowance is \$6 for each child under 10 years of age and \$8 for each child between the ages of 10 and 16. These allowances are not subject to income tax.

\*\* Prior to 1962, these two deductions were \$250 and \$500 respectively. The 1962 Budget Speech announced that, effective January 1, 1962, they would be raised to \$300 and \$550 respectively. These proposed changes have not yet been brought into force by legislation.