

payments made on a means-test basis under a prescribed program, compensation in respect of an injury or death paid under a workmen's compensation Act of a province and family and youth allowances<sup>(3)</sup> do not have to be included in the computation of income.

In computing his income for a taxation year, an individual who is carrying on business may deduct business expenses, including depreciation (called capital cost allowances), municipal taxes, interest on borrowed money, reserves for doubtful debts, contributions to pension plans or profit-sharing plans for his employees, and bad debts.

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 saving plans. Students attending universities, colleges, high schools, public schools or certain other certified educational institutions in Canada may deduct their tuition fees if they exceed \$25 per annum. Students in full-time attendance at universities outside Canada are allowed to deduct their tuition fees.

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

For single status	\$1,000
For married status	\$2,000
For dependent children under age 16	\$300 a child
For other dependants (as defined in the law) including dependent children between ages 15 and 21 or over 20 and attending school	\$550 a dependant
Where taxpayer is over 70 years of age <sup>(4)</sup>	additional \$500
Where taxpayer is blind or confined for the whole of the taxation year to a bed or a wheelchair	additional \$500
Charitable donations	up to 10% of income
Medical expenses	in excess of 3% of income

In lieu of claiming deductions for charitable donations and medical expenses, an individual may claim a standard deduction of \$100.

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(3) Family allowances are monthly welfare payments by the Federal Government to the parents of 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. Youth allowances are monthly payments of \$10 in respect of children aged 17 and 18 in full-time attendance at educational institutions. Like family allowances, they are not subject to income tax.

(4) This deduction is also granted in taxation years 1966 to 1969 inclusive to a taxpayer who is over 65 but under 70 years of age and who does not receive old-age-security pension payments.