d) General tax reduction:

In 1966, all persons may deduct from their federal income tax
an amount equal to the aggregate of

(i) 4 per cent of their "basic" tax, not exceeding $240, and

(ii) 12 per cent of their "basic" tax, not exceeding $12.[*]

In 1967, and in subsequent taxation years, this deduction will be
the lesser of 20 per cent of "basic tax" or $20. "Basic tax" is
personal income tax excluding the old-age security tax after deduction
of the dividend tax credit but before abatement for provincial income
tax.

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 in 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 year.

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

TABLE A

Canadian Personal Income Tax in 1966

	Income	Income Tax	O.A.S. Tax
Single taxpayer - no dependants	$ 1,200	9	4
	1,500	37	16
	2,000	83	36
	2,500	147	56
	3,000	215	76
	5,000	555	120
	10,000	1,754	120
	20,000	5,580	120
	50,000	20,713	120
	100,000	50,603	120

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[*] The two tax reductions for 1966 result from the fact that the 1966 Budget
brought down on March 29, 1966, announced the cancellation of the general tax
reduction of 10 per cent of "basic tax" (maximum $600) enacted in 1965 and its
replacement by a reduction of 20 per cent of "basic tax" (maximum $20). As it
was not intended that the change be retroactive, the previous reduction was
maintained in force for 40 per cent of the 1966 taxation year and its replace-
ment for the remainder or 60 per cent of the year.