

child-care expense deduction for mothers (or fathers, in certain circumstances) who have their children cared for while earning income away from home; expenses of moving to a new work location; tuition fees for students attending a university, college, high school or other certified institution; business expenses and other expenses of earning income including rents, wages, contributions to a pension plan, capital-cost allowances, municipal taxes, interest on borrowed money, business losses.

#### *Other considerations in computing income*

Half of capital losses are deductible against half of capital gains taxable as income. Where the deductible losses exceed the taxable gains, up to \$2,000 of the excess losses may be set off against other income. Losses not deducted in the year may be carried back one year and carried forward until used up.

The sale of personal property for less than \$1,000 and the sale of a principal residence do not give rise to a taxable gain. Upon death, the taxpayer is deemed to have sold all of his capital property at fair market value, except where the property is passed on to the surviving spouse. A gift of property between living persons also gives rise to a disposition that may be taxable unless the recipient is the taxpayer's spouse. Special rules apply in the case of farms and small family corporations.

The amount of a capital gain or loss is determined by reference to its adjusted cost-base—that is, cost plus or minus adjustments. "Cost" for determining capital gains on property owned at the start of 1972 is computed by reference to the higher of its cost or value on "valuation day" at the end of 1971. For property acquired after valuation day, actual cost is used as a basis of determining adjusted cost base.

Once he has computed his income, the taxpayer takes into account other deductible amounts such as personal exemptions and special allowances for dependent children and other dependents, for charitable donations and for medical expenses. Taxpayers over the age of 65 and those blind or confined to a wheelchair receive added exemptions.

Instead of claiming itemized charitable donations and medical expenses, the taxpayer may claim a \$100 standard deduction in respect thereof. The amount of guaranteed income supplement paid to pensioners with little or no income aside from the basic old-age pension is not included in computing income, but is taken into account in determining the degree of their dependency on others for tax purposes.

Business losses incurred during the year may be written off against income of the preceding and the five subsequent years.

Since 1972, students have been able to deduct \$50 a month for each