

CAPITAL GAINS

ITEM	OLD LAW	NEW BILL
Rollovers (carry-over of basis and deferral of gain)		Rollovers permitted for: <ul style="list-style-type: none"> — expropriation and destruction — transfers to an 80%-owned corporation — liquidation of a wholly-owned subsidiary — certain amalgamations and corporate reorganizations — transfers to a partnership — certain dissolutions of partnerships.
Gifts		No deemed realization for gifts to spouse; on subsequent sale, capital gains tax paid by donor. Deemed realization at time of other gifts.
Bequests		No deemed realization for bequests to spouse. Deemed realization at death for other bequests. Special rule for depreciable property.
Arrivals and departures		Taxpayers moving to Canada will value their assets at that time for the purpose of calculating subsequent gains or losses. On leaving Canada, deemed realization except for assets on which a non-resident is taxable by Canada. First \$5,000 exempt. Alternatively, taxpayer may elect to be taxed as if resident of Canada in year of actual disposal, provided reasonable security given at time of departure.
Averaging		Capital gains subject to general averaging and forward averaging provisions.
Estate taxes	No tax on first \$50,000. Maximum rate of 50% reached at \$300,000. No tax on transfers to spouse.	Federal estate and gift taxes eliminated.

CORPORATIONS AND SHAREHOLDERS

ITEM	OLD LAW	NEW BILL
Rates of tax	21% on first \$35,000 and 50% on balance, (plus temporary 3% surtax).	General rate 50% in 1972 reduced by one percentage point annually to 46% in 1976. If eligible for small business incentive, 25% on first \$50,000 of business income (see below).
Ordinary dividends paid by Canadian corporations to resident individuals	Individual shareholders can deduct a tax credit of 20% of dividends.	Dividend tax credit increased to 33 1/3% and included in income.