

THE INCOME TAX AND THE INDIVIDUAL

Deciding to pay the tax by instalments, he sends one-fourth of it, \$25.20, by certified cheque along with his form, in good time before the last day, April 30. On or before June 30 he pays the next \$25.20, with 6% interest, or 25c for the two months, making \$25.45. By August 31, he pays \$25.70, being the third instalment with four months' interest; and before the end of October he makes the final payment, \$25.95—being the remaining \$25.20 with six months' interest.

(d) Merchant. Married, with three dependent children. Business profits, \$8,580. Yield of tax-free bonds, \$550; of various Canadian dividends \$785. Total income, \$9,915.

He deducts \$3,935 (the yield of his bonds, his Canadian dividends, the \$2,000 personal exemption of a married man, and \$200 for each child) and finds \$5,980 liable to Normal Tax. On the first \$4,000 of this he pays 4% or \$160; on the remaining \$1,980, he pays 8%, or \$158.40, making his Normal Tax \$318.40.

In calculating his Surtax, however, he may only deduct from his total income of \$9,915 the \$550 received from tax free bonds, leaving \$9,365. This does not mean that the Surtax is levied on the whole \$9,365—but on such part of that sum as exceeds \$5,000. That is, on \$4,365. And even on that \$4,365 it is not levied at a uniform rate, but at three different rates. On the first \$1,000 above the \$5,000, it is 1%, or \$10; on the next \$2,000 it is 2%, or \$40; on the remaining \$1365 it is 3%, or \$40.95. Total Surtax, \$90.95.

Normal Tax and Surtax are next added together, making \$409.35; increase this by \$20.47, the 5% supplementary tax on incomes of \$5,000 and more; and the total income tax payable is found to be \$429.82.

(e) Married couple. Husband earns \$1,800. Being married, he claims his \$2,000 exemption and pays no income tax. His wife goes out and earns \$960 a year. Being married, she claims her \$2,000 exemption and pays no income tax.