



Bulletin

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INDUSTRY AND ELDERLY BENEFIT FROM BUDGET

In presenting his first budget to the House of Commons on May 8, the Minister of Finance, Mr. John Turner, stated that it was designed "to buttress the Canadian economy - to provide incentives for Canadian industry to grow and compete and provide jobs," as well as "to render justice to those people in our community who have been hurt by the rise in the cost of living and who have no way of fighting back."

The following are the highlights of the budget:

The general corporate tax rate is reduced to 40 per cent on Canadian manufacturing and processing income only, effective January 1, 1973.

The tax rate is reduced to 20 per cent from 25 per cent on manufacturing and processing income

eligible for small-business incentive, effective January 1, 1973.

There is to be a two-year write-off introduced for machinery and equipment acquired after May 8 for manufacturing or processing in Canada.

The "earned-depletion" incentive is broadened to cover all expenditures for equipment to process mineral ore to the prime metal stage in Canada, including custom processing.

PENSIONS INCREASE

The basic old-age security pension, veterans' pensions and allowances are to be escalated fully in step with cost-of-living changes, effective January 1, 1972.

Maximum payments under the combined old-age security and the guaranteed income supplement are increased by \$15 a month for single people and \$30 a month for married couples, effective January 1, 1972, and are fully escalated against cost of living in the future.

The special tax exemption for persons 65 and over is increased to \$1,000 from \$650, effective January 1, 1972. The increase also applies to the exemption for blind taxpayers and taxpayers confined to bed or wheelchair.

A special tax exemption of \$50 a month has been introduced for full-time trainees and students attending prescribed courses at vocational and training schools and a broad range of post-secondary institutions, effective January 1, 1972.

Medical expenses for tax purposes are broadened effective January 1, 1972, to cover additional home care and travel costs for medical treatment.

OTHER MEASURES

The two-year write-off for pollution-control plants and equipment is broadened in its application and extended an additional year.

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