

PERSONAL INCOME

ITEM	OLD LAW	NEW BILL
Rate schedule	<p>Rates (including provincial tax at 28%, old age security tax and other special taxes) from 14.8% to 82.4%.</p> <p>Surtax on foreign investment income—4%</p>	<p>Rates (including provincial tax at 30%) from 22.1% to 61.1% in 1972. In years 1973-76, federal rate of 17% on first \$500 reduced in steps to 6%.</p> <p>Surtax on foreign investment income eliminated.</p>

CAPITAL GAINS

ITEM	OLD LAW	NEW BILL
General rule	Not taxed.	One-half capital gains to be included in income. One-half losses deductible from gains. Losses not deducted in the year are carried back one year and forward indefinitely. Individuals may also deduct up to \$1,000 of losses each year from other income.
Valuation Day		General rule: cost basis of asset to be higher of original cost or fair market value on V-Day in determining gains and lower of cost or market in determining losses. For bonds, etc., cost in these rules is amortized cost. Taxpayer may elect to use fair market value on V-Day for all assets.
Homes		No tax on sale of principal residence and one acre of land or additional land surrounding residence if proven necessary to enjoyment as residence. Farmer has alternative to deduct \$1,000 per year on home and farm.
Works of art, jewellery, etc.		\$1,000 minimum cost per item or set of items. Losses allowed against gains from similar assets and excess carried back one and forward five years with same restriction.
Other personal property		\$1,000 minimum cost per item, or set of items. Losses not allowed.
Shares		Same as general rule.
Bonds, mortgages, agreements for sale, etc.		Same as general rule. Deep discounts half-deductible to issuer.
Windfall gains	Capital gains from gambling sweepstakes and the like not taxable; losses not deductible.	No change.