

essential, shall we say, to the preservation of Canadian identity. There can be no foreign control of our financial and banking institutions, our trust or loan companies; there can be no foreign control of our mass media; there's no foreign control of our uranium reserves and so on. So there are certain collective areas where we can

make sure that we do preserve what is essential to the Canadian identity and economic future. But to try and own everything may mean you're not going to accept either capital or technology from the outside, which means that you're really regressing."

Tax Reform Legislation

Following are the highlights from the Tax Reform Legislation presented to the House of Commons by the Minister of Finance on June 16, 1971. We will publish further details in subsequent issues of **Canada**.

Basic individual tax exemption increased to \$1,500 from \$1,000 and to \$2,850 from \$2,000 for married couples, effective January 1, 1972.

Capital gains tax to be imposed at personal tax rate of half of gains, with half of losses deductible.

Federal gift and estate taxes abolished December 31, 1971.

General corporation tax rate to be imposed at 50 per cent in 1972, reducing in stages to 46 per cent in 1976.

Child-care expenses to be permitted as deductions up to \$500 for each child under 14, to \$2,000 maximum a family.

Special exemption of \$650 to be granted to those 65 or older, the disabled and blind, replacing \$500 exemption at 70.

Deduction of up to \$150 a year to be permitted as employment expense without receipts.

Limits raised on deductions to be permitted for pension and retirement plan contributions.

Corporations to be permitted to deduct interest paid on borrowings to buy shares in other corporations.

Unrealized capital gains to be taxed at taxpayer's death, but private homes exempted.

Small businesses to be taxed at 25 per cent on first \$50,000 of income.

Tax dividend credit for shareholders of Canadian corporations to be increased to one-third from 20 per cent.

Three per cent surcharge on personal and corporate income taxes removed July 1.

Fifteen per cent excise tax removed immediately on television, radio, hi-fi and other electronic equipment.

Taxpayers with less than \$500 taxable income exempted from tax starting July 1.

Guaranteed income supplement payments to old age pensioners removed from taxable income retroactive to January 1, 1971.

Duty-free entry of certain production machinery extended to sawmill and logging equipment.

One-third-cent-a-gallon duty on heavy fuel oil suspended for two years.

Tariff on poleythene resins increased to 10 per cent from 7.5 per cent with corresponding increases for other processed plastic products.

Budgetary deficit for fiscal 1971-72 estimated at \$750 million on revenue of \$13.66 billion and expenditures of \$14.41 billion.