and in respect of machinery designed for drying grain on a farm acquired in the period July 1, 1969, to December 31, 1969. Accelerated depreciation is also allowed for the capital cost of a new manufacturing or processing facility in respect of which a development grant is paid under the Area Development Incentives Act.(6) To be eligible, facilities must be brought into commercial production by the end of 1971. The capital-cost allowances that could otherwise be claimed in respect of commercial buildings constructed during the period June 4, 1969, to December 31, 1970, are deferred in the taxation year in which the building is constructed and in the next taxation year. Housing, buildings constructed for operation of public utilities or transportation services other than office buildings, and buildings for manufacturing and for farming or fishing will be excluded.

Expenditures on scientific research related to the business of the taxpayer may be written off for tax purposes in the year when incurred.

Taxpayers operating mines, oil wells, gas wells and wells for extracting potash by the solution method are allowed a depletion allowance, usually computed as a percentage of profits (after deduction of capital-cost allowances, exploration and drilling expenses and certain interest expenses) derived from mineral, oil or gas production. This allowance continues as long as the mine or well is in operation. It is in addition to capital-cost allowances on buildings, machinery and similar depreciable assets used by the taxpayer and the deduction of his exploration and drilling expenses. Taxpayers operating timber limits receive an annual allowance sometimes called a depletion allowance. This is a rateable proportion of the amount invested in the limit and is based on the amount of timber cut in the year. When the amount invested in the limit has been recovered no further allowance is given.

In computing taxable income, corporations may deduct dividends received from other Canadian taxable corporations and also from non-resident corporations in which the Canadian corporation has at least 25 percent stock ownership. Business losses may be carried back one year or forward five years and deducted in computing taxable income. Corporations may also deduct donations to charitable organizations up to a maximum of 10 per cent of their income.

Income from the operation of a new mine, including income from a well for extracting potash by the solution method, is exempt from income tax during the first three years of commercial production.

The general rates of tax on corporate taxable income are 18 per cent on the first $35,000 of taxable income and 47 per cent on taxable income in excess of $35,000. Corporations deriving more than half their gross revenue from the sale of electrical energy, gas, or steam pay tax on their taxable income from such sources at the rate of 18 per cent on the first $35,000 of taxable income plus

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(6) A list of the areas eligible for development grants can be obtained from the Area Development Agency of the Department of Industry, Trade and Commerce. These areas are established by Order in Council under the authority of the Department of Industry Act.