Having computed his income, the individual then calculates the taxable part by deducting certain exemptions and deductions. These exemptions and deductions are as follows:

For single status an exemption of	- $1000
For married status an exemption of	- $2000
For dependent children eligible to receive family allowance	- $ 250
For other dependents (as defined in the law)	- $ 500
Where taxpayer is over 65 years of age	- an additional $ 500
Charitable donations up to 10 per cent of income	

Medical expenses that exceed 3 per cent of income may be deducted up to a maximum of $1500 for a single person, $2000 for a married person, and $500 for each dependent or a total of $2000 for all dependents. In lieu of claiming deductions for charitable donations, medical expenses and membership dues in trade unions or professional societies, an individual may claim a standard deduction of $100.

As mentioned above, an individual resident in Canada for the whole year is taxed on his income from both inside and outside Canada. An individual not resident in Canada at any time during the year but who carried on business in Canada or who earns salary or wages in Canada is taxed only on the income earned in Canada. In computing taxable income earned in Canada, such a non-resident is allowed to deduct that part of the exemptions and deductions that may reasonably be attributed to the income earned in Canada. (A non-resident who derives investment income from Canada is taxed in a different way described under a separate heading.) An individual who ceases to be a resident in Canada during the year or who is resident for only part of the year will be subject to income tax in Canada only on that part of his income for the year received while he is resident in Canada. Under these circumstances, the deductions from income permitted for determining taxable income will be the amount that may reasonably be considered as applicable to the period during which he is resident in Canada.

A progressive schedule of rates is applied to taxable income. For 1959 these rates begin at 11 per cent on the first $1000 of taxable income and increase to 79 per cent on taxable income in excess of $400,000. In addition, an old-age security tax is levied on taxable income at the rate of $2\frac{1}{3}$ per cent, with a maximum of $75 reached at the level of $3000.

Investment income in excess of the greater of $2500 or the total of personal exemptions, bears a surtax of 4 per cent.

In calculating the amount of his income tax, an individual is allowed tax credits under three main headings:

a) Dividend tax credit:

In order partially to eliminate the double taxation of corporate profits and to encourage participation in the ownership of Canadian companies, Canadian resident individuals are allowed to deduct from their tax an amount equal to 20 per cent of the net dividends they receive from Canadian taxable companies.

b) Foreign tax credit:

Foreign taxes paid on income from foreign sources may be credited against Canadian income tax on this foreign income provided the credit does not exceed the proportion of Canadian tax relative to such income.