N.B.: The provincial tax used in these calculations is 30.5 per cent. This is the lowest existing provincial rate. Rates of provincial taxes vary from province to province, but more than half Canada's taxpayers are subject to the provincial rate used in this table.

Taxpayers are assumed to take the optional standard deduction of $100 and the employment-expense deduction of 3 per cent (maximum $150), but the calculations do not take into account any other potential deductions, such as child-care expenses, contributions to pension plans, or unemployment insurance.

Taxpayers are assumed to be under age 65 and in receipt of earned income only.

Corporation income tax

Computation of income An income tax is imposed on the income of corporations for each taxation year. A corporation's taxation year is ordinarily 12 months. In computing income for a taxation year, corporations resident in Canada must include their world income; non-resident corporations compute income attributable to their Canadian operations.

The income of a corporation includes all income from its business and property and half of any capital gains realized on the sale or disposition of any property.

Deductions In computing income, corporations may deduct:

Operating expenses, including wages paid to employees, contributions to a pension scheme, municipal taxes, reserves for doubtful debts, bad debts and interest on money borrowed to gain or produce income (including money borrowed to buy shares in another corporation);

half of capital losses against half of capital gains;

capital-cost allowances for all depreciable property at a specified annual rate;

accelerated capital-cost allowance (two years) for structures and equipment acquired by manufacturers and processors for use in Canada after May 8, 1972, and before 1975;