

To a very large extent, individual income tax is payable as the income is earned. Taxpayers in receipt of salary or wages have tax deducted from their pay by their employer and in this way pay nearly 100 percent of their tax liability during the calendar year. The balance of the tax, if any, is payable at the time of filing the tax return before April 30, in the following year. People with more than 25 percent of their income from sources other than salary or wages must pay tax by quarterly instalments throughout the year. Here again returns must be filed before April 30, in the following calendar year.

The following table shows what taxpayers pay at various levels of income:

TABLE A
Canadian Personal Income Tax in 1962

	<u>Income</u>	<u>Income Tax</u>	<u>O.A.S. Tax</u>
Single taxpayer - no dependants	\$ 1,200	11	3
	1,500	44	12
	2,000	99	27
	2,500	166	42
	3,000	236	57
	5,000	591	90
	10,000	1,840	90
	20,000	5,825	90
Married taxpayer - no dependants	2,200	11	3
	2,500	44	12
	3,000	99	27
	5,000	403	87
	10,000	1,544	90
	20,000	5,375	90
	50,000	20,415	90
	100,000	50,205	90
Married taxpayer - two children eligible for family allowances	2,800	11	3
	3,000	33	9
	5,000	301	69
	10,000	1,388	90
	20,000	5,105	90
	50,000	20,085	90
	100,000	49,815	90

In calculating these taxes, it has been assumed that all taxpayers take the standard deduction of \$100. No allowance has been made for the 20 percent dividend tax credit.

In calculating the taxes shown for a married taxpayer with two children eligible for family allowances, a deduction of \$300 has been allowed for each child.

The income taxes shown above are abated by 16 percent in all provinces. In all provinces except Quebec, Manitoba and Saskatchewan, the provincial tax is the same as the federal abatement. Therefore in these provinces the taxes shown above are the combined federal and provincial taxes. In Quebec the provincial tax does not coincide with the federal abatement. In Manitoba and Saskatchewan the provincial tax exceeds the abatement by 6 percentage points.