Canadian stock-exchange, and no one non-resident person or no one corporation that did not comply with (a) above owned equity shares representing more than 75 per cent of its equity-share capital.

For manufacturing or processing businesses in designated areas of slower growth, there is no requirement that they have a degree of Canadian ownership to qualify for this 50 percent straight-line depreciation. Moreover, the period during which their expenditures on eligible assets qualify for accelerated write-off extends from December 5, 1963, to March 31, 1967. Depreciation at the accelerated rate of 20 per cent on a straight-line basis is also available in respect of new buildings acquired in designated areas of slower growth in the period commencing December 5, 1963, and ending March 31, 1967.

Expenditures by corporations on scientific research qualify for special tax treatment. Generally speaking, all expenditures on scientific research related to the business of the taxpayer may be written off for tax purposes in the year in which they are incurred. In addition, corporations are permitted, in computing income for tax purposes, to deduct 150 per cent of their increased expenditures on scientific research in Canada.

Taxpayers operating mines, oil wells and gas wells are allowed a depletion allowance, usually computed as a percentage of profits derived from mineral, oil or gas production, which continues as long as the mine or well is in operation. This allowance is in addition to capital-cost allowances on buildings, machinery and similar depreciable assets used by the taxpayer. 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 taxpaying corporations and also from foreign 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.

The general rates of tax on corporate taxable income are 18 per cent on the first $35,000 of taxable income plus 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 45 per cent on taxable income in excess of $35,000. Corporations that qualify as investment companies pay a tax of 18 per cent on their taxable income. In addition to these rates, all corporations pay an old-age security tax of 3 per cent of taxable income, bringing their rates up to 21 per cent and 50 per cent (21 per cent and 48 per cent for the public utility companies and 21 per cent for investment companies).

In calculating the amount of their income tax, corporations are allowed tax credits under three headings:

(1) Foreign tax credit - foreign taxes paid on income from foreign sources may be credited against Canadian income tax, but the credit may not exceed the proportion of Canadian tax relative to such income.

(2) Abatement under federal-provincial fiscal arrangements - corporations may deduct from their federal tax otherwise payable a tax abatement equal to a fixed percentage of their taxable income attributable to operations in a