

TAXATION OF FARMERS

Farming and fishing is considered to be a business and the method of computing the income is set forth in section 28 of the Income Tax Act and states in effect that

"The income from the business for that year may, if the taxpayer so elects, be computed in accordance with a method (in

this section refers to as the "cash method") whereby the income therefrom for that year shall be deemed to be an amount equal to the aggregate of all amounts" that were received in the year or

on account of an amount that would, if the income from business were not computed in accordance with the cash method, be included in computing income therefrom for that or any other year", and minus amounts paid in that year computed on a similar basis".

This section thus modifies the cash method of accounting as stated in accordance with the accrual method.

"Farming" is defined in section 248(1) as "including tillage of the soil, livestock raising or exhibiting, maintaining of horses for racing, raising poultry, fur farming, dairy farming, fruit growing and keeping of bees, but does not include an office or employment under a person engaged in the business of farming."

"Business" includes a profession, calling, trade, manufacture or undertaking of any kind whatsoever and, except for the purposes of paragraph 18(2)(c), an adventure or concern in the nature of trade but does not include an office or employment.