TABLE A (Cont'd.)

	Income	Income Tax	O.A.S. Tax
Married taxpayer - two children eligible for family allowances	2,800	10	4
	3,000	31	12
	5,000	286	92
	10,000	1,319	120
	20,000	4,850	120
	50,000	19,785	120
	100,000	49,515	120

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.

The income taxes shown above are the combined federal and provincial taxes in all provinces where the provincial tax is the same as the federal abatement (i.e., in all provinces except Quebec, Manitoba and Saskatchewan). In Quebec the provincial tax approximates the federal abatement. In Manitoba the provincial tax exceeds the abatement by 5 percentage points and in Saskatchewan by 6 percentage points.

Exemption from tax

The income from a new manufacturing or processing business established in a designated area of slower growth by an individual or corporation during the period starting December 5, 1963, and ending on March 31, 1967, is eligible for a three-year exemption from income tax.

Corporation Income Tax

The Income Tax Act levies a tax on the income from everywhere in the world of corporations resident in Canada and on the income attributable to operations in Canada of non-resident corporations carrying on business in Canada.

In computing their income, corporations may deduct operating expenses including municipal real estate taxes, reserves for doubtful debts, bad debts, and interest on borrowed money. They may not deduct provincial income taxes other than provincial taxes on income derived from mining operations. (For this purpose "income from mining operations" is specially defined.)

Regulations covering capital-cost allowances (depreciation) permit taxpayers to deduct, over a period of years, the actual cost of all depreciable property. The yearly deductions of normal capital-cost allowances are computed on the diminishing-balance principle. (Taxpayers engaged in farming and fishing may choose between this and the straight-line method.) Published regulations establish a number of classes of property and maximum rates. There is provision for recapture of any amount allowed in excess of the ultimate net capital cost of any asset.