

TAX REFORM LEGISLATION

In the July-August issue of **CANADA** we published highlights from the tax reform legislation presented in the House of Commons by the Minister of Finance on June 16, 1971. The legislation is now being debated in the House of Commons and if it is passed this fall it is the Government's intention to put it into effect on January 1, 1972. To familiarize Canadians abroad with the changes inherent in the new legislation we are providing below a synopsis of the bill comparing it with the present system.

PERSONAL INCOME

ITEM	OLD LAW	NEW BILL
Single taxpayer—basic exemption	\$1,000	\$1,500
Married taxpayer—basic exemption	\$2,000	\$2,850
Spouse's income	Spouse's exemption of \$1,000 reduced \$1 for every \$1 that income exceeds \$250.	Spouse's exemption of \$1,350 reduced \$1 for every \$1 that income exceeds \$250.
Married exemption for supporting dependant	\$2,000 when unmarried taxpayer supports dependent child or dependent relative.	\$2,850—Dependent must live with taxpayer. Exemption reduced where dependant has income over \$250.
Children under 16	Parent deducts \$300. If child's income is over \$950, excess may be added to parent's tax (notch provision).	Parent deducts \$300 which is reduced \$1 for every \$2 of child's income over \$1,000.
Children over 16	Parent deducts \$550. If child's income is over \$950, excess may be added to parent's tax (notch provision).	Parent deducts \$550 which is reduced \$1 for every \$1 of child's income over \$1,050.
Other dependants	Taxpayer deducts \$300 or \$550, depending on dependant's age. If dependant's income is over \$950, excess may be added to taxpayer's tax (notch provision).	Taxpayer deducts \$300 or \$550 depending on age of dependant, and reduces exemption as above if dependant's income exceeds \$1,000 or \$1,050.
Unmarried clergymen	Deduct \$1,000 if fulltime servant employed in dwelling.	No deduction.
Elderly taxpayers	Additional \$500 exemption if age 70 or over.	Exemption increased to \$650 extended to taxpayer age 65 or over. Guaranteed income supplement made exempt.