

**DEDUCTIONS FROM INCOME ON
ACCOUNT OF EXPENDITURE.**

To arrive at your net income deduct also:—

1. Ordinary expenditure for the purpose of your business or profession.
2. Interest on money borrowed, excluding mortgage on your own residence and borrowings for personal and living expenses.
3. Taxes, insurance, repairs and depreciation on land or buildings, except your own residence.
4. Amounts paid by employees under Superannuation Funds or plans.
5. Carrying charges on securities, not exceeding income therefrom.

Note.—No deduction is allowed for subscriptions to hospitals, or other gifts for charity. Nor may you deduct, from the profit on your chief business, your loss on a "side line."

DEDUCTIONS FROM TAX.

You are entitled to deduct from your tax :—

1. Certain payments made for corresponding periods under the Special War Revenue Act or the Business Profits War Tax Act; and
2. Income tax paid to another country, if this deduction does not exceed the tax you would pay in Canada on the particular income for which you have paid the tax elsewhere, and, in the case of a foreign country, if that country reciprocates by allowing a similar credit to persons receiving income from Canada. This credit is allowed by the United States.

NO THREE-YEAR AVERAGE HERE.

Persons from the United Kingdom, accustomed to paying on their average income for three years, will notice that no such practice is allowed in Canada. Also, that Life Insurance Premiums are not exempted here. Nevertheless the tax in Canada is considerably less than in the United Kingdom.