

For use of farmers and ranchers only.  
Affix postage to communications and stamps to cheques.

T 1A-1941

Key No.....Carded by.....  
Code { Occupational.....  
Income and Mtl. Status.....  
No. of Dependents.....  
(Items 11, 12 and 13)

DOMINION OF CANADA  
INCOME TAX

Date  
rec'd  
by  
Insp.

RETURN FOR THE YEAR ENDED 31st DECEMBER, 1941  
(Form prescribed and authorized by the Minister of National Revenue)

Farmers and ranchers, on a calendar year fiscal basis, must prepare this form in triplicate and deliver, or mail, postpaid, two copies on or before 30th April, 1942, to the Inspector of Income Tax,

1. Name.....  
(Surname) NAME AND ADDRESS IN BLOCK LETTERS (Christian names in full)
2. Address of present residence.....  
(Number and Street) (City, Town or Municipality must be given) (County) (Province)
3. Place of residence during 1940..... 4. Year last return filed?.....Where?.....
5. Location of farm or ranch.....Acreage cultivated.....
6. If <sup>tenant</sup> owner state name and address of <sup>owner</sup> tenant.....
7. State names and addresses of partners, if any.....
8. Married.....Widow(er).....Single.....  
Name of wife husband.....Any marital change during 1941?.....  
As at 31st Dec. 1941 (Yes or no)
- Was your <sup>wife</sup> husband living in Canada in 1941?.....If not, where?.....  
(Yes or no)
9. If unmarried or widow(er) supporting dependent relative(s) in your self-contained domestic establishment Complete Item 48.
10. Has <sup>wife</sup> husband filed 1941 return?.....Was <sup>her</sup> his total income over \$660?.....Was N.D. Tax deducted on total income?.....  
\$750?.....(Yes or no)
11. Your own dependent children during 1941.....12. Wholly dependent grandchildren during 1941.....  
(a) Under 21 years (number).....(ages).....(a) Under 21 years (number).....(ages).....  
As at 31st Dec. 1941 As at 31st Dec. 1941  
(b) 21 years of age or over dependent on account of mental (b) 21 years of age or over dependent on account of mental  
or physical infirmity (number).....or physical infirmity (number).....
13. State number of (a) dependent brothers or sisters under 21....., (b) parents, grandparents, brothers or sisters 21 years of age  
or over, dependent on account of mental or physical infirmity.....(For Claims under Item 13 (a) and (b) complete Item 49)
14. Did you, in 1941, transfer any property, securities or cash to (a) <sup>wife</sup> husband (excluding living expenses)?.....(If yes, attach particulars)  
(b) other persons in the aggregate exceeding the exemptions in Item 37?.....(If yes, attach particulars and complete Item 46)
15. NOTE—Did you receive income from sources within the United States for or on account of (a) yourself?.....(b) any other person resident in  
Canada?.....(c) any other person not resident in Canada?.....If (c) answered "Yes" then file Canadian Form UST-1 and  
United States Form 1042 (obtainable in Inspector's office) on or before 15th June, 1942.

16. I HEREBY CERTIFY that I have, in this my Income Tax Return for the year 1941, made a full and complete disclosure of my total income from all sources, that the information given herein and the statements of all income and expenditure herein and all statements and information contained herein and in any statements or documents furnished herewith and those pertaining to dependents and gifts made during the year are true in every respect and that all expenditures claimed were actually incurred. Further all taxes deductible at the source in respect of Interest, Rents and Royalties paid to persons abroad have been deducted and remitted to the Inspector.

Date.....1942 Bus.....Res.....Signature.....

COMPUTATION OF TAX		TAXPAYER'S USE		DEPARTMENTAL USE	
		\$	c.	\$	c.
17. A. Total Income (See Item 30A).....					
B. Deductions (See Item 45).....					
C. NET INCOME.....					
LESS D. 1941 donations to charitable organizations (List in duplicate with receipts) See Item 38.					
E. TAXABLE INCOME.....					
LESS F. Exemption, \$750 or \$1,500 (See Item 34).....					
G. (1) Dependent allowance—Items 11 and 12.....\$400 each \$.....	(Number)				
(2) Item 13.....Amount actually expended.....\$.....	(Number)				
(Not exceeding \$400 each)					
H. NET TAXABLE INCOME.....					
J. General Tax (See Item 31).....					
K. Surtax (See Item 32).....					
L. GENERAL TAX PAYABLE.....					
NATIONAL DEFENCE TAX (See Item 33)					
O. Income for purposes of National Defence Tax (Item 17C).....					
P. Tax on Item 17—O of 3½% or 5% (See Item 33).....					
Q. LESS allowance for.....dependents resident in Canada, British Empire or U.S.A. @ \$14 each. \$.....					
R. N.D. Tax deducted at source (Item 30B).....					
S. National Defence Tax (Item 17P) less Credits (Items 17Q and R).\$.....					
T. ADD Additional Tax where Item 17S is \$25 or over. (See Item 33) \$.....					
U. Amount of National Defence Tax Payable.....					
V. Dominion Tax, including National Defence Tax (Items 17L + U).....					
W. LESS applicable portion of British and United States Income Tax.....					
X. ....					
Y. Penalty for late filing, 5% of Net Tax Payable (Item 17X).....					
18. Dominion Tax Payable.....					

PAYMENT herewith by cheque payable to the Receiver General of Canada \$.....See Item 35  
AFFIX REVENUE STAMPS (For Gift Tax payment see Item 46)

1940-T 6-1 No.....1941-T 6-1 No.....Date.....194.....Assessor I.O.....H.O.....1941



### 31. GENERAL TAXES.

The rates are to be applied to **NET TAXABLE INCOME** as per Item 17H.

If Net Taxable Income (17H) is under \$1,000, Rate of Tax is 15 %.

Between \$ 1,000 and \$ 2,000	Tax is \$	150 + 20 % on excess over \$ 1,000
" 2,000 and 3,000	" 350 + 25 %	" 2,000
" 3,000 and 4,000	" 600 + 30 %	" 3,000
" 4,000 and 5,000	" 900 + 33 %	" 4,000
" 5,000 and 6,000	" 1,230 + 36 %	" 5,000
" 6,000 and 7,000	" 1,590 + 38 %	" 6,000
" 7,000 and 8,000	" 1,970 + 40 %	" 7,000
" 8,000 and 9,000	" 2,370 + 42 %	" 8,000
" 9,000 and 10,000	" 2,790 + 44 %	" 9,000
" 10,000 and 15,000	" 3,230 + 47 %	" 10,000
" 15,000 and 20,000	" 5,580 + 50 %	" 15,000

For higher incomes see Chap. 18, Statutes of 1941.

**EXAMPLES**—Taxable income per Item 17E \$12,500. Exemption \$1,500. Net Taxable Income per Item 17H \$11,000. Above schedule shows tax on \$10,000 to be \$3,230, rate applicable on excess is 47 %, i.e., 47 % of \$1,000 = \$470. The total General Tax payable is therefore \$3,700.

**If you have "Investment Income" see Item 32 and calculate your Surtax which is payable with and in addition to the General Tax.**

### 32. SURTAX.

1. The rate of surtax is 4 %.
2. Surtax is payable only on "investment income".
3. "Earned income" includes salary, fees, and other personal earnings, also profits from a trade or profession. (Section 2(m) of Act).
4. "Investment income" means any income not defined as earned income including royalties and rents (Section 2(n) of Act).
5. The following income shall be exempt from surtax—
  - (a) Investment income up to fifteen hundred dollars, or
  - (b) the sum of the exemptions and allowances (Items 17(F) and (G) (1) and (2) ) whichever amount is the greater.

**EXAMPLES**—Taxable income per Item 17E \$6,000 of which \$4,000 is earned and \$2,000 investment income. Taxpayer is single without dependents. The surtax exemption is \$1,500. Taxable investment income is \$2,000, less exemption of \$1,500, or \$500. \$500 at 4 % = \$20, which is the total surtax payable.

Taxable income per Item 17E \$20,000 of which \$17,000 is earned and \$3,000 investment income. Taxpayer is married and has dependent children. The exemption (Item 32-5 (b) ) is therefore \$2,300. Taxable investment income is \$3,000, less exemption of \$2,300 or \$700. \$700 at 4 % = \$28 which is the total surtax payable.

### 33. NATIONAL DEFENCE TAX.

In the case of a married person, a widow or widower, with dependent son or daughter, a person maintaining a self-contained domestic establishment and supporting therein a dependent connected with him by blood relationship, marriage or adoption,

3½ % on the income of 1941 if the income for that year is over \$1,200.

If husband and wife have each a separate income,

3½ % on the income of 1941 if the income of each is over \$600.

In the case of a single person or a married person whose husband or wife is resident abroad (except in British Empire or United States),

3½ % on the income of 1941 if the income exceeds \$600 per year and does not exceed \$1,200 or 5 % if the income exceeds \$1,200 per year.

The Act provides for deduction of this tax at the source in certain cases. Credit is given for the amount so deducted in Item 17R.

Where income has been received which has not been subject to deduction at the source and a tax of \$25.00 or more is payable on the filing of this Return, Subsection 3 of Section 91 provides for the following additional tax:—

\$1 if the tax is \$25 but not more than \$100.

3 % of the tax payable if the tax is more than \$100.

Farmers employing labour at rates (including board) for single persons of over \$55 per month and at rates (including board) for married persons of over \$100 per month must deduct National Defence Tax from such employees.

### 34. EXEMPTIONS—

- (1) Unmarried \$750. Married \$1,500, unless husband or wife, as the case may be, has an income in excess of \$750, in which case the exemption is \$750 each (see Item 10); Married persons with husband or wife resident abroad (except in British Empire or United States) \$750. Unmarried person or widow or widower who maintains a self-contained domestic establishment (i.e., a dwelling house, apartment, or similar place of residence containing at least two bedrooms, in which residence amongst other things the taxpayer as a general rule sleeps and has his meals prepared and served) and who actually supports therein one or more individual dependent upon him and connected with him by blood relationship, marriage or adoption, is entitled to an exemption of \$1,500. (Complete Item 48).
- (2) Non-residents \$750 with allowance for dependents (if in British Empire or United States)
- (3) The following income is exempt:
 

The service pay and allowances of

  - (i) warrant officers, non-commissioned officers and men of the Canadian Naval, Military and Air Forces while in the Canadian Active Service Forces, and
  - (ii) commissioned officers of the said Forces while on active service beyond Canada, or on active service in Canada whose duties are of such a character as are required normally to be performed afloat or in aircraft.

### 35. METHODS OF PAYMENT—

(The tax may be paid under option 1 or 2).

1. The tax is due 31st March, 1942 or 30th April, 1942, if business fiscal year ends in December 1941. One-third of the amount of the tax may be paid on the due date and the balance within four months thereafter, together with interest at 5 % per annum on such balance from the due date. Any tax not so paid bears 3 % additional interest thereafter. Any tax under-estimated bears 3 % interest from the due date and one month after Notice of Assessment bears 3 % additional interest.
2. One-twelfth of the 1940 estimated tax in each of the four months September-December, 1941; and one-eighth of the 1941 estimated tax (reduced by the sum of the one-twelfth payments already made) in each of the eight months January-August, 1942.

Interest will not be payable if the taxpayer adopts option 2 and makes payments regularly thereunder, except where the taxpayer under-estimates the tax payable. In such case, interest at 5 % per annum is payable on the amount under-estimated from 31st March, 1942 or 30th April, 1942, until one month after Notice of Assessment and thereafter at 8 % per annum. Upon one default in plan 2 then plan 1 operates.

Pay by postal notes, postal money orders or marked cheques with revenue stamps affixed. Avoid sending cash in envelopes.

**NOTE**—If prepayment of 1942 tax is to be made under Option 2 then payment must commence in September, 1942.

### 36. PENALTIES FOR

- (a) Failure to file return by 31st March, 1942, or 30th April, 1942 (See Item 35, par. 1) 5 % of the net tax payable. Maximum penalty \$500.
- (b) Incomplete compilation of this form, 1 % of the tax payable. Minimum \$1.00, maximum \$20.00.
- (c) Failure to deduct and remit 5 % or 15 % from interest payable in Canadian funds to non-residents renders you personally liable for the tax.
- (d) Failure to pay the Gift Tax renders the donor and donee jointly and severally liable for the Tax.

### 37. GIFT TAX.

The exemption for Gift Tax purposes is as follows:—

- (a) \$4,000 plus all gifts to charitable organizations and gifts of \$1,000 or less to any one person, or
- (b) Half the net income of 1940 (after first subtracting therefrom the Dominion tax payable in respect thereof).

(See Items 14(b) and 46).

### 38. "CHARITABLE" ORGANIZATIONS—

Claims for charitable donations are limited to 10 % of net income (Item 17C). Donations to the Canadian War Services Fund are allowable to the extent of 440 % of net income if (1) the amount was subscribed on or before 7th April, 1941 and (2) the amount was paid on or before 31st December, 1941. If charitable donations are to be distributed abroad then the Canadian organization must be approved by the Minister of National War Services, otherwise the donation is not allowed.

<b>DEDUCTIONS ON ACCOUNT OF:—</b>		Quantity	\$ c.
39. Seed actually purchased.....			
Feed actually purchased for stock .....			
Cattle actually purchased .....			
Horses actually purchased .....			
Hogs actually purchased .....			
Sheep actually purchased .....			
Repairs to machinery, fences, and buildings.....			
General expenses, not including personal living expenses (give details on separate sheet).....			
Interest paid on farm mortgage or purchase agreement.....			
State principal due at beginning of year, \$..... “ “ end of year, \$..... (Name and address of person to whom paid)			
Interest paid on machinery purchase agreement.....			
(Name and address of person to whom paid)			
Interest paid on live stock purchase agreement.....			
(Name and address of person to whom paid)			
Rent paid for farm or ranch.....	(Name and address of person to whom paid)		
Taxes paid on farm or ranch.....			
Paid for threshing.....	(Name and address of person to whom paid)		
Paid hired farm help as per details below:—			

  

NAME AND ADDRESS OF EMPLOYEES	TIME EMPLOYED	TIME BOARDED	ACTUAL AMOUNT PAID IN CASH	COST OF BOARD

**TOTAL PAID AND CHARGED.....**

Have you deducted and remitted National Defence Tax where applicable (See Item 33)? .....  
Yes or No

40. Depreciation:	COST	Rate per cent per annum	Amount written off	
			Total previously charged	Amount this year
(a) Buildings (other than dwelling)— Brick or stone (as per schedule, Item 47).....		2½		
Frame (as per schedule, Item 47).....		5		
(b) Machinery (as per schedule, Item 47).....		10		
(c) Motor trucks, automobiles, tractors, combines and other power equipment. (Used for farm only) (as per schedule, Item 47)....		20		

**DEPRECIATION CHARGED 1941.....**

**41. GROSS EXPENSES OF FARM.....**

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42. Taxes not included above.....  
(Give description of property)

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43. Interest paid on borrowed money (exclusive of carrying charges in Item No. 25, No. 26 and No. 39).....  
(Give name and address of person to whom interest was paid and state purpose for which money was used)

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**QUESTION: Did you pay any interest to non-residents?**  
If yes, did you deduct 5% on such payments made prior to 30th April, 1941, and 15% on such payments after 29th April, 1941? .....  
Did you remit same to the Inspector of Income Tax?  
(See Item 36(c) and Form 603).

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44. Canadian Active Service Force Pay and Allowances per Item 22 (b).  
(See Item 34 (3) ). State rank.....  
Other deductions (specify).....  
Do not claim for Charitable and Patriotic Donations here (See Item 17D).

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**45. SUM OF THE ABOVE DEDUCTIONS.....**

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46. **GIFT TAX**—Value of gifts made during 1941 \$..... less exemption of \$..... referred to in Item 37..... A \$.....  
Tax at..... % payable herewith (See Item C below)..... B \$.....  
Tax (on gifts of 1941) payable 31st March, 1942, interest thereafter 8% per annum.

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C. **RATES OF GIFT TAX** apply to total of Item 46A. (The tax is not graduated). 7% up to \$5,000; 8% between \$5,000 and \$10,000; 9% between \$10,000 and \$20,000; 10% between \$20,000 and \$30,000; 11% between \$30,000 and \$40,000; 12% between \$40,000 and \$50,000; 13% between \$50,000 and \$75,000; 14% between \$75,000 and \$100,000; 15% between \$100,000 and \$150,000; 16% between \$150,000 and \$200,000. For rates of tax on higher gifts see Section 27, Chap. 18, Statutes of 1941. EXAMPLE: If Item 46A amounts to \$60,000 then the rate is 13% and the tax is \$7,800. (See Sec. 36, Chap. 18, Statutes of 1941 if gifts were made prior to 30th April, 1941).



Buildings (other than dwelling)—

49. ALLOWANCE CLAIM—Form T 1E (See Item 13)

**Any person who claims allowance for the support of a dependent parent or grandparent or a dependent brother or sister under 21 years of age, or 21 years of age or over if dependent on account of mental or physical infirmity, is required to complete this statement. Dependents must reside in Canada, British Empire or U.S.A.**

DEPENDENTS (This does not include parents-in-law, grandparents-in-law, brothers-in-law or sisters-in-law)	Relation- ship to Taxpayer	Age	Married Single	If over 21 years of age state if mentally or physically infirm
			M S	

Name (1).....			
Address.....			
Name (2).....			
Address.....			

State amount actually contributed to each dependent during year less amounts received (if any) from them or on their behalf.

	In cash		In other ways		Total	
No. 1 above.....						
No. 2 above.....						

Does any other person contribute to the support of the dependent(s)?.....Give name, address and amount.  
(Yes or no)

Total other income of dependent No. 1, \$.....No. 2, \$.....



(Form prescribed and authorized by the Minister of National Revenue)

State names and addresses of partners, if any.....

DATE.....194..... SIGNATURE.....



DEPRECIATION

Description of Asset	Year acquired	Rate	Original Cost to Taxpayer	Amount of Depreciation this Year	NOTES RE DEPRECIATION
					<b>Rates:</b> Buildings (do not include family dwelling): Stone or brick..... 2 1/2 % (list only if acquired in last 40 years) Frame..... 5 % (list only if acquired in last 20 years) Power Equipment..... 20 % (list only if acquired in last 5 years) (motor trucks, tractors, combines, etc.) Other Machinery and Equipment 10 % (list only if acquired in last 10 years) Automobile..... 20 % (list only if acquired in last 5 years) (Claim only that portion of depreciation on automobile which is applicable to its farm use, not exceeding two-thirds.)
					<b>Small Items:</b> Any item of machinery or equipment purchased during the year at a cost not exceeding \$25.00 may be charged as an expense of the year, in which case no depreciation may be charged on such item in any year.
					<b>If "Original Cost" is not known:</b> If you acquired your farm as a gift or by inheritance, you should determine the value of the property for depreciation purposes by reference to the value at which such property was probated and accepted for Succession Duty purposes or by reference to the assessed value at the time the farm came into your possession. In such a case, or if you acquired your farm as a unit for a lump sum, for depreciation purposes you must deduct the value of the land and then apportion the balance of the value as best you can over the classes of assets which receive different depreciation rates.
TOTAL DEPRECIATION (Carry to Page 1).....				\$	

WAGES PAID AND BOARD SUPPLIED TO HIRED HELP FOR CALENDAR YEAR 194.....

Full Name and Address of Employee	Single; Married; Widow or Widower	No. of Dependents	Time Employed	Time Boarded	Cost of Board	Total Wages Before Tax Deductions	Total Tax Deductions
1	2	3	4	5	6	7	8
TOTAL COST OF BOARD (to be carried over to Column 7).....					\$	\$	\$
TOTAL WAGES PAID AND BOARD SUPPLIED TO HIRED HELP (carry to Page 1).....						\$	
Have Total Tax Deductions (Column 8) been sent to District Inspector?.....					If yes, which Inspector?.....		
					(Yes or no)		
					(Fill in name of city)		

Notes re Hired Help

Where sons or daughters of the taxpayer (NOT CLAIMED AS DEPENDENTS) are engaged on the work of the farm the cost of their board, together with wages actually paid to them for their work on the farm, may be charged as an expense. Do not include the value of your own labour or board or that of your wife or dependents as an expense.

Where board is supplied to farm help it should be valued at what it cost you. Claim what you think is fair and reasonable, but keep in

mind that whatever amount you charge will, in turn, be regarded as income of the hired help.

The amount of wages paid and the cost of board for domestic help and persons engaged in household work will not be allowed except to the extent that the services of such persons are used in boarding or otherwise caring for farm labourers and for farm work done, apart from household duties.

NOTES RE FARM RECEIPTS AND EXPENSES

- (1) A PARTNER is to show the full amount of income received and the amounts expended by the partnership as a whole, and carry only his share of the net profit into Form T.1 Special or T.1 General.
- (2) A TENANT, operating on a crop or other share basis, is to show the total receipts produced by the farm and claim as a rental the value of produce turned over to the owner.
- (3) PRODUCE TRADED for articles or merchandise for farm or personal use, or applied as payment of purchase agreements, etc., is to be included in the receipts at the value received for such produce.
- (4) PRODUCE USED FROM "FAMILY GARDEN" and small sums usually termed "PIN MONEY" obtained by the wife, sons or daughters, by their own efforts, need not be taken into account.

Patronage Dividends, Rebates, Bonuses, etc.

Include all patronage dividends and rebates other than on purchases for personal and household use; and quality and other bonuses. Include also Wheat Acreage Reduction Bonus, Prairie Farm Assistance Act Receipts, and Prairie Farm Income Receipts.

Produce Raised on Farm and Consumed in the Farm Home

Include only commercial produce raised for sale as part of regular farm operations. Do not include produce of unsaleable quality or produce from family garden. Value at price you would ordinarily receive for the produce.

Interest and Rentals Paid to Persons Living Outside of Canada

If you are sending any amounts outside of Canada for—

- (a) interest in any amount payable solely in Canadian funds, or
- (b) a rental in excess of \$900.00 per year to an individual, or
- (c) rentals in any amount to other than individuals, for example, to corporations, estates, etc.

you must deduct 15%. If you are making such payments, you should obtain Form 603 for interest, or Form 700 for rentals, from the District Inspector of Income Tax, which forms contain the necessary instructions.

If Space is Insufficient under any heading of Farm Receipts or Farm Expenses, continue under any other heading where there are lines you are not using.

GENERAL INFORMATION

This Supplemental, for the use of Farmers and Ranchers, provides for reporting income on a CASH BASIS, which is the simplest method.

The alternative to the cash basis is known as the ACCRUAL BASIS which takes into consideration the values of opening and closing inventories, the revenues for the year whether or not actually received in cash during the year and the expenses of operation incurred for the year; whether or not actually paid during the year. If your farm books of account are kept on the accrual basis, financial statements must be submitted and the net profit from such statements shown in Forms T.1 Special or T.1 General and this Supplemental will not be required.

Those farmers and ranchers who have hitherto used the accrual basis will continue to do so. Any farmer or rancher who has determined his income on a cash basis may change to the accrual basis upon application, in writing, to the District Inspector of Income Tax. This may involve tax adjustments for prior years. Having made a change from the cash basis to the accrual basis, the taxpayer will thereafter not be permitted to change back to the cash basis.

In the case of large operators, the cash basis may not reasonably reflect the proper income for tax purposes, in which event the Inspector of Income Tax may request an accounting on the accrual basis.

If additional information is required, apply to the Inspector of Income Tax for the District in which you reside.  
(See also Farmers' Income Tax Guide, procurable from District Inspectors)