

1 **Q. Is there any Canadian tax law that requires a switch from the “beginning-of-year”**  
2 **convention to the “mid-year” convention for depreciation? If so, provide the**  
3 **reference.**

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5 A. Depreciation for Canadian income tax purposes is referred to as capital cost allowance.

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7 Income Tax Regulation 1100(2) of the *Income Tax Act* was introduced in 1981 and is  
8 informally known as the “half year rule” or the “first year rule”.

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10 Income Tax Regulation 1100(2) of the *Income Tax Act* provides that the amount of  
11 capital cost allowance allowed for the first year in which an asset is acquired is normally  
12  $\frac{1}{2}$  of the amount that would otherwise be allowed.