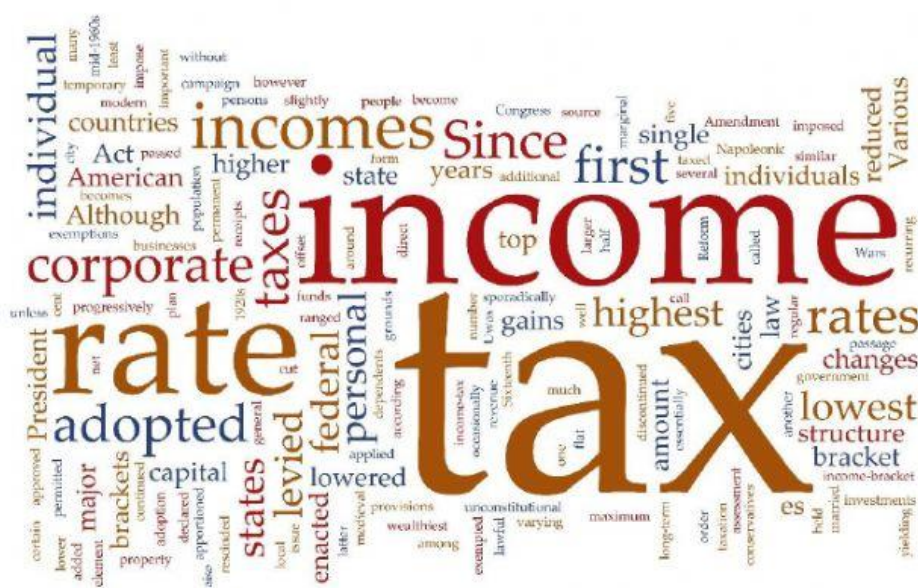


TAXATION



- Taxes fund various public expenses that citizens enjoy “for free”
- Some examples of what the government provides or subsidizes:
 - Healthcare
 - Roads
 - Public parks / recreation
 - Education
 - Armed forces
 - Transit
 - Welfare / EI / CPP
 - Canadian media
 - Border patrol
 - Emergency services



- Types of taxes:
 - o Income tax
 - Based on how much money you earn at a job
 - Taken off paycheques automatically and a report is issued to the government stating earnings and taxation

- This is a sample income tax statement called a T-4, which you receive when you are employed. It breaks down how much you earned and what you paid into (such as pension plans, employment insurance and charity)

Employer's name - Nom de l'employeur ABC Construction Company 9700 Lake City Way N.E. Seattle, WA 98115		Canada Revenue Agency Agence des revenus du Canada		T4 STATEMENT OF REMUNERATION PAID ÉTAT DE LA RÉMUNÉRATION PAYÉE	
Year Année		2012			
Employment income - line 101 Revenus d'emploi - ligne 101		14		65,000.00	
Income tax deducted - line 437 Impôt sur le revenu retenu - ligne 437		22		17,000.00	
Employer's CPP contributions - line 308 Contributions de l'employeur au RPP - ligne 308		16		170.00	
EI insurable earnings Gains assurables d'AE		24		700.00	
Employer's EI premiums - line 312 Contributions de l'employeur à l'AE - ligne 312		18		30.00	
Union dues - line 212 Contributions syndicales - ligne 212		44		40.00	
RPP contributions - line 20 Contributions à un RPP - ligne 20		20		120.00	
Charitable donations - line 349 Don de bienfaisance - ligne 349		46		10.00	
Pension adjustment - line 206 Facteur d'ajustement - ligne 206		52		0	
RPP or DPSP registration number N° d'enregistrement d'un RPP ou d'un DPSP		50			
Employer's PPF premiums - see over Contributions de l'employeur au RPP - voir au verso		56			
PPF insurable earnings Gains assurables du RPP		56			
Social insurance number Numéro d'assurance sociale		12		345 675 656	
Province of employment Province d'emploi		10		CN	
Employment code Code d'emploi		29			
Employee's name and address - Nom et adresse de l'employé Last name (in capital letters) - Nom de famille (en lettres majuscules) First name - Prénom Initial - Initiale Bulmer Jay Home Run Lane RT 4 Box 345 Vancouver, BC B1E4S9 CA					
Other information (see over)					
Autres renseignements (voir au verso)					

- Sales tax
 - A percentage added to the cost of items purchased (in Ontario the rate is 13%, or 13 cents per dollar)
 - There are different rates between provinces. Ontario's is 13%, Alberta's is 5%, and BC's is 12% for example.
 - This is not added to fresh food like produce and bread, but it is added to packaged goods (e.g. pop, candy, chips)
 - These fund provincial programs (think back to our division of powers from the beginning of the year)
- Property tax
 - Paid monthly or quarterly to the municipal government
 - Based on how much your property is worth (for instance, a high-demand, renovated cottage on the lake will demand more tax than a "fixer-upper" in a poorer part of town)
 - Funds municipal programs and services
- Excise taxes (gas / gambling / alcohol / cigarettes)
 - Used mostly to deter undesirable behaviour by the public like smoking, driving high-pollution cars, and drinking
 - Funds used for provincial / federal programs, in some cases those aimed at addiction recovery / rehabilitation

Thinking Critically:

1. You go to the grocery store and purchase a loaf of bread, some tomatoes and sliced turkey. The prices add up to \$5.60. Do you need to add tax?

YES
NO
2. You then go to Chapters and find a book you have been after. The cost is \$10.00. After tax, what would you have spent if the rate is 13%? (hint: 13% as a fraction is 13/100. Multiply this by 10 to get the "added tax", then add it to the original amount to get the final price)
3. You purchase 4 lottery tickets at \$4 each. Your total comes to \$20. What type of tax was likely added to your purchase?

How much tax was added?