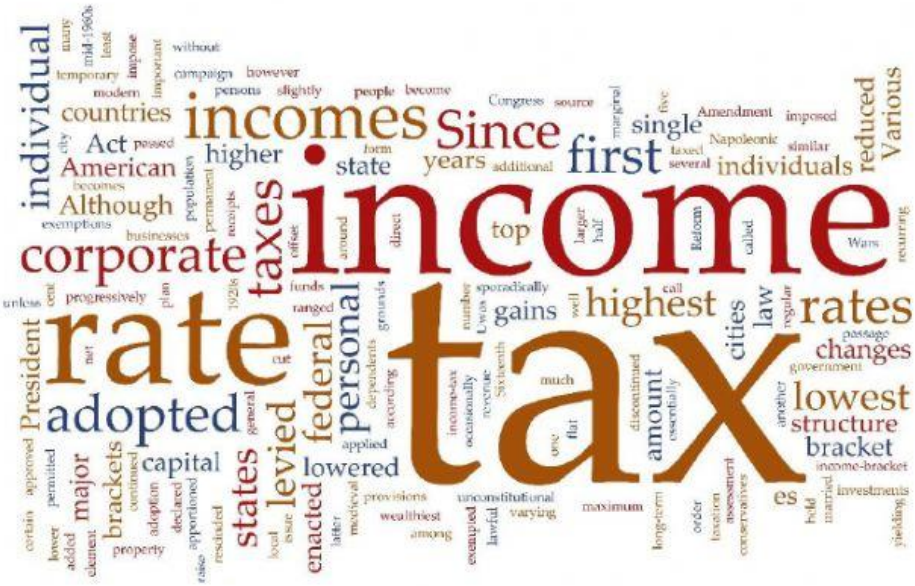
TAXATION



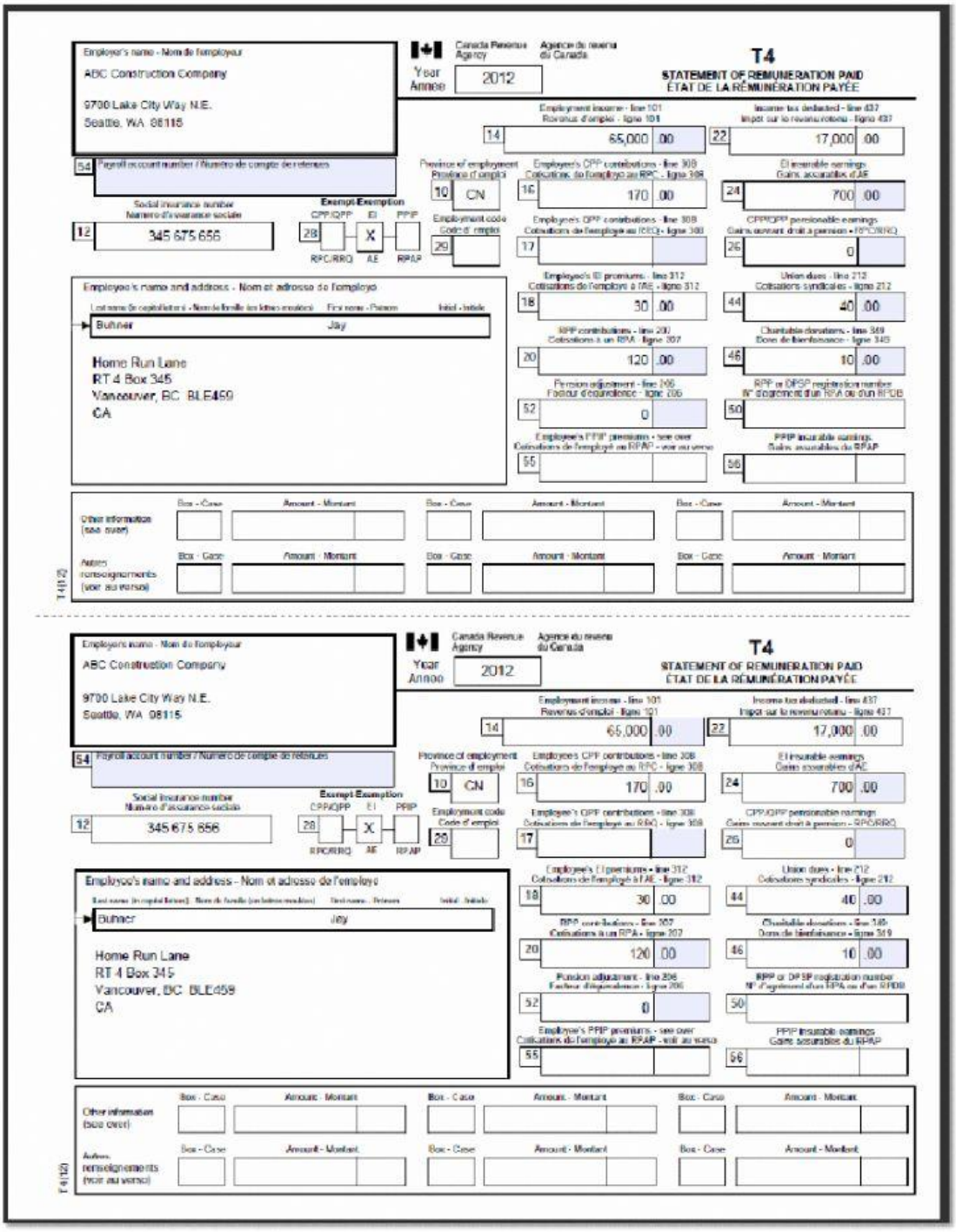
- Taxes fund various public expenses that citizens enjoy "for free"
- Some examples of what the government provides or subsidizes:
    - Healthcare
    - Roads
    - Public parks / recreation
    - Education
    - Armed forces
    - Transit
    - Welfare / EI / CPP
    - Canadian media
    - Border patrol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



- Types of taxes:
    - 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

LIVEWORKSHEETS

- 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 du revenu du Canada
Year / Année 2012

T4
STATEMENT OF REMUNERATION PAID
ÉTAT DE LA RÉMUNÉRATION PAYÉE

54 Payroll account number / Numéro de compte de retenues

Social insurance number / Numéro d'assurance sociale
12 345 675 656

Exempt / Exemption
CPP/QPP 28 | EI | PPIP
RPC/RRQ | AE | RPAP
X

Province of employment / Province d'emploi
10 CN

Employment code / Code d'emploi
29

14 Employment income - line 101 / Revenus d'emploi - ligne 101: 65,000 00
22 Income tax deducted - line 437 / Impôt sur le revenu retenu - ligne 437: 17,000 00
16 Employee's CPP contributions - line 308 / Cotisations de l'employé au RPC - ligne 308: 170 00
24 EI insurable earnings / Gains assurables d'AE: 700 00
17 Employee's QPP contributions - line 308 / Cotisations de l'employé au RRQ - ligne 308:
26 CPP/QPP pensionable earnings / Gains ouvrant droit à pension - RPC/RRQ: 0
18 Employee's EI premiums - line 312 / Cotisations de l'employé à l'AE - ligne 312: 30 00
44 Union dues - line 212 / Cotisations syndicales - ligne 212: 40 00
20 RPP contributions - line 207 / Cotisations à un RPA - ligne 207: 120 00
46 Charitable donations - line 349 / Dons de bienfaisance - ligne 349: 10 00
52 Pension adjustment - line 206 / Facteur d'équivalence - ligne 206: 0
50 RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB
55 Employee's PPIP premiums - see over / Cotisations de l'employé au RPAP - voir au verso
56 PPIP insurable earnings / Gains assurables du RPAP

Employee's name and address - Nom et adresse de l'employé
Last name (in capital letters) - Nom de famille (en lettres moulées) | First name - Prénom | Initial - Initiale
Buhner | Jay

Home Run Lane
RT 4 Box 345
Vancouver, BC BLE459
CA

Other information (see over) / Autres renseignements (voir au verso)
Box - Case | Amount - Montant

T4(12)

Employer's name - Nom de l'employeur
ABC Construction Company
9700 Lake City Way N.E.
Seattle, WA 98115
Canada Revenue Agency / Agence du revenu du Canada
Year / Année 2012
T4
STATEMENT OF REMUNERATION PAID
ÉTAT DE LA RÉMUNÉRATION PAYÉE
54 Payroll account number / Numéro de compte de retenues
Social insurance number / Numéro d'assurance sociale
12 345 675 656
Exempt / Exemption
CPP/QPP 28 | EI | PPIP
RPC/RRQ | AE | RPAP
X
Province of employment / Province d'emploi
10 CN
Employment code / Code d'emploi
29
14 Employment income - line 101 / Revenus d'emploi - ligne 101: 65,000 00
22 Income tax deducted - line 437 / Impôt sur le revenu retenu - ligne 437: 17,000 00
16 Employee's CPP contributions - line 308 / Cotisations de l'employé au RPC - ligne 308: 170 00
24 EI insurable earnings / Gains assurables d'AE: 700 00
17 Employee's QPP contributions - line 308 / Cotisations de l'employé au RRQ - ligne 308:
26 CPP/QPP pensionable earnings / Gains ouvrant droit à pension - RPC/RRQ: 0
18 Employee's EI premiums - line 312 / Cotisations de l'employé à l'AE - ligne 312: 30 00
44 Union dues - line 212 / Cotisations syndicales - ligne 212: 40 00
20 RPP contributions - line 207 / Cotisations à un RPA - ligne 207: 120 00
46 Charitable donations - line 349 / Dons de bienfaisance - ligne 349: 10 00
52 Pension adjustment - line 206 / Facteur d'équivalence - ligne 206: 0
50 RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB
55 Employee's PPIP premiums - see over / Cotisations de l'employé au RPAP - voir au verso
56 PPIP insurable earnings / Gains assurables du RPAP
Employee's name and address - Nom et adresse de l'employé
Buhner | Jay
Home Run Lane
RT 4 Box 345
Vancouver, BC BLE459
CA
Other information (see over) / Autres renseignements (voir au verso)
Box - Case | Amount - Montant
T4(12)

LIVEWORKSHEETS

- 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?

LIVEWORKSHEETS