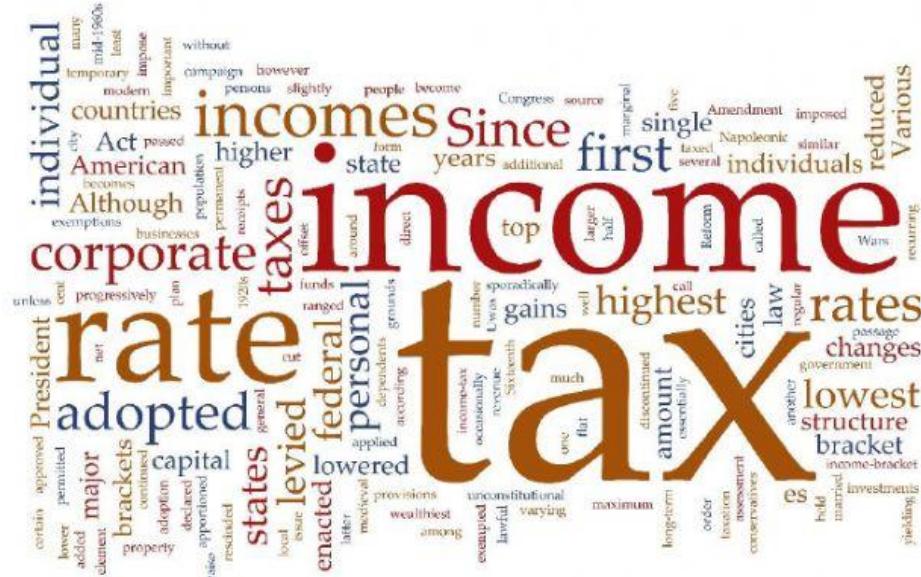# TAXATION

- 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

- 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

	Employment income - line 101 / Revenus d'emploi - ligne 101	Income tax deducted - line 437 / Impôt sur le revenu retenu - ligne 437
14	65,000 00	22	17,000 00

54 Payroll account number / Numéro de compte de retenues

Province of employment / Province d'emploi — 10 CN

	Employee's CPP contributions - line 308 / Cotisations de l'employé au RPC - ligne 308	EI insurable earnings / Gains assurables d'AE
16	170 00	24	700 00

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

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

Employment code / Code d'emploi 29

	Employee's QPP contributions - line 308 / Cotisations de l'employé au RRQ - ligne 308	CPP/QPP pensionable earnings / Gains ouvrant droit à pension - RPC/RRQ
17		26	0

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
Butner   Jay

Home Run Lane
RT 4 Box 345
Vancouver, BC B1E459
CA

	Employee's EI premiums - line 312 / Cotisations de l'employé à l'AE - ligne 312	Union dues - line 212 / Cotisations syndicales - ligne 212
18	30 00	44	40 00

	RPP contributions - line 207 / Cotisations à un RPA - ligne 207	Charitable donations - line 349 / Dons de bienfaisance - ligne 349
20	120 00	46	10 00

	Pension adjustment - line 206 / Facteur d'équivalence - ligne 206	RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB
52	0	50	

	Employee's PPIP premiums - see over / Cotisations de l'employé au RPAP - voir au verso	PPIP insurable earnings / Gains assurables du RPAP
55		56	

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

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	Pension adjustment - line 206 / Facteur d'équivalence - ligne 206	RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB
52	0	50	

	Employee's PPIP premiums - see over / Cotisations de l'employé au RPAP - voir au verso	PPIP insurable earnings / Gains assurables du RPAP
55		56	

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

- o 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)
- o 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
- o 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?