



# Income and Taxes



---

# Gross Income vs Net Income

---

**Gross Income:** An individual's total personal income, before accounting for taxes or deductions.

**Net Income:** For an individual, gross income minus taxes, allowances, and deductions. An individual's net income is used to determine how much income tax is owed

Ex. In Newfoundland a Gross Income of \$100 000 would result in **\$68 719** of net income. \$27 881 goes to Federal/Provincial taxes, \$2564 to CPP, and \$836 to EI!

# THE HUB

CHEQUE NO. 007793

## Luna - LA-3819-023

### For pay period DD/MM to DD/MM

Regular..... 163.50  
Vacation..... 6.54  
  
Gross..... 170.04

Employment Insurance..... 2.94  
Income Tax.....  
City Pension ..... 8.42

Gross..... 170.04  
Withheld..... 11.36  
  
Net..... 158.68

Income, Expenses and Budgets



la



## Federal income tax

2017 Federal income tax brackets*	2017 Federal income tax rates
\$45,916 or less	15%
\$45,916 to \$91,831	20.5%
\$91,831 to \$142,353	26%
\$142,353 to \$202,800	29%
More than \$202,800	33%

Each province and territory also charges income tax in addition to the federal income tax. Their rates and tax brackets vary. The chart below shows their tax rates.

## Provincial and territorial income tax

Provinces / Territories	Rates for 2017 tax year
Newfoundland and Labrador	8.7% on the first \$35,851 of taxable income, + 14.5% on the next \$35,850, + 15.8% on the next \$56,309, + 17.3% on the next \$51,204, + 18.3% on the amount over \$179,214

# Some other terms:

---

**Canada Pension Plan (CPP):** The Canada Pension Plan is a form of retirement income that is open to all Canadians who have worked and paid into the system through mandatory deductions from their paycheques.

**The Employment Insurance (EI)** program provides temporary income support to unemployed workers while they look for employment or to upgrade their skills.

**Old Age Security (OAS):** The Old Age Security pension is a monthly payment available to Canadians age 65 and older who apply and meet certain requirements. Unlike CPP, it is not dependent on a person's employment history and a person does not need to be retired from a job to qualify for it.

**The Guaranteed Income Supplement (GIS)** provides a monthly non-taxable benefit to Old Age Security (OAS) pension recipients who have a low income and are living in Canada.

# Why do I have to do taxes?

---

***Doing your taxes is part of your responsibilities as a taxpayer.***

Filing your taxes means you have to fill out various forms, including the ones in the income tax packages.

***They help you figure out if you owe tax or if you will get a refund.*** Even if you had no income in the year, you have to do your taxes to get the benefits and credits you might be entitled to, such as the *GST/HST tax credit*, the *Canada child benefit* and the *working income tax benefit*.



# Should I get a professional to do my taxes?

---

Do you have a simple return with a T4 and not many deductions, or do you have a numerous items to report, such as income from rental properties or a small business or estate issues?

Having a professional do your taxes can cost anywhere from \$80 to hundreds of dollars depending on your situation and the service you choose.

Some areas may also have free temporary volunteer-run tax preparation clinics aimed at those with low to moderate incomes. A list of locations is available on the Canada Revenue Agency website.



# Using Tax Software

---

While many Canadians still file their taxes the old-fashioned way – mailing in ink-and-paper forms – today we have easier, faster, and greener options!

Tax software is generally easy to use and cheap!

- Simple Tax and UFile are free software used by millions of Canadians
- Other programs such as Turbo Tax are extremely popular and have free and advanced options!

Software makes the filing process easier but does not protect users with complicated finances from making mistakes!

# What documents do I need?

---

At the minimum you will need your T4; it is a mandatory requirement by CRA (Canada Revenue Agency) for all employers to provide to their employees as well as file with CRA.

The T4 slip is an document reporting how much your employer has paid you in a calendar year.

The T4 slip reports not only the wages, but also any other expenses paid on your behalf, such as RRSP contributions, medical and dental benefits or allowances.

[Documents Checklist](#)

Employer's name

CITYSECURE

THE CITY

METROREV

T4

Year

STATEMENT OF REMUNERATION PAID

VOID



14

Employment income – line 101

45,540.00

22

Income tax deducted – line 437

7,718.88

Business Number

54

Province of employment

10

Employee's CPP contributions – line 308

16

2,049.30

24

EI insurable earnings

41,100.00

Social insurance number

12

Exempt

CPP

28



EI



Employment Code

29

Employee's QPP contributions – line 308

17

CPP-QPP pensionable earnings

26

44,900.00

Employee's EI premiums – line 312

18

711.03

Union dues – line 212

44

RPP contributions – line 207

20

Charitable donations – Schedule 1

46

Pension adjustment – line 207

52

RPP or DPSP registration number

50

Employee's name and address

Name

MetroRev number

Indigo

10-1765-992

66E B-GRID  
THE CITY

Additional  
information

Box

Amount

Box

Amount

Box

Amount

Box

Amount

Box

Amount

Income,  
Expenses and Budgets



io

# Keeping track of your documents

---

**Keep your supporting documents for six years.** Even if you do not have to attach certain supporting documents to your return, or if you are filing your return electronically, keep them in case you are audited.

You need to keep documents such as your ***notice of assessment, receipts, and other forms together in a safe location.***

The CRA can ask for documents other than official receipts, such as cancelled cheques or bank statements as proof of any deduction or credit you claimed.

# What are deductions?

---

***Tax deductible*** generally means that part or all of a purchase's value can be deducted from your taxable income when you file. ***This reduces your taxable income and can result in a tax return!***

There are many types of deductions you can claim - they may be related to your location, occupation, education, investments etc.

[List of tax deductions](#)

[Free quiz to estimate eligibility](#)

- Issue this certificate to a student who has enrolled in a qualifying educational program or a specified educational program at a post-secondary institution, such as a college or university, or at an institution certified by the Minister of Human Resources Development. The student must have been enrolled at the institution during the calendar year.
- Tuition fees paid to any one institution have to be more than \$100 in a calendar year. Fees paid to a post-secondary institution have to be for courses taken at the post-secondary level. Fees paid to a certified institution have to be for courses taken to obtain or improve skills in an occupation, and the student has to be 16 years of age or older before the end of the year.

Name of program or course POD TECHNOLOGY UPGRADE COURSE				Student number NS-5762-008-PTUG				
NIKOS NS-5762-008 899-6 B-GRID THE CITY				Session periods, part-time and full-time		<b>A</b> Eligible tuition fees, part-time and full-time sessions	Number of months for:	
				From			To	
Y-A	M	Y-A	M					
	MM		MM	\$340.00	4			
Totals				\$340.00	4	0		

Name and address of educational institution

 PODTECH TRAINING INSTITUTE  
 113 C-GRID SOUTH  
 THE CITY

**FORM 1: For student FORM 2: For designated individual FORM 3: For educational institute**
**Important:** See the back of copy 1 for more information. If you want to transfer all or part of your tuition and education amounts, complete the back of copy 2.