

4.2 The T4 and the T1

Focus: working with forms, filing income tax, number sense

Warm Up	
<p>1. What does CRA refer to?</p> <p>_____</p> <p>_____</p>	<p>2. What are the approximate gross annual earnings for Paul, who earns about \$300 per week? _____</p>
<p>3. What are the approximate gross annual earnings for Ling, who earns about \$700 per week? _____</p>	<p>4. What is the difference between gross income and net income?</p> <p>_____</p> <p>_____</p> <p>_____</p>

What Is the T4?

Go to pages 45–50 to write a definition for **T4** in your own words.

- Your employer is required to submit payroll deductions to the CRA on your behalf.
- Your employer is responsible for giving you an annual record of all your earnings and deductions.
- The **T4** is used to record this information.

Chapter
4

Employer's name – Nom de l'employeur		Canada Revenue Agency / Agence du revenu du Canada		Year / Année		T4 STATEMENT OF REMUNERATION PAID / ÉTAT DE LA RÉMUNÉRATION PAYÉE	
Sports R Us		14		22		Employment income – line 101 / Revenus d'emploi – ligne 101: 31 200.00 Income tax deducted – line 437 / Impôt sur le revenu retenu – ligne 437: 4680.00	
54		10		16		24	
Payroll Account Number (15 characters) / Numéro de compte de retenues (15 caractères)		Province of employment / Province d'emploi: ON		Employee's CPP contributions – line 308 / Cotisations de l'employé au RPC – ligne 308: 1371.15		EI insurable earnings / Gains assurables d'AE	
12		28		17		26	
Social insurance number / Numéro d'assurance sociale: 999 123 456		Employment code / Code d'emploi: _____		Employee's QPP contributions – line 308 / Cotisations de l'employé au RRQ – ligne 308		QPP/QPP pensionable earnings / Gains ouvrant droit à pension – RPC/RRQ	
Exempt – Exemption (CPP/QPP, EI, PPIP)		29		18		44	
RPC/RRQ, AE, RPAP		Employee's EI premiums – line 312 / Cotisations de l'employé à l'AE – ligne 312: 539.76		Union dues – line 212 / Cotisations syndicales – ligne 212		RPP contributions – line 207 / Cotisations à un RPA – ligne 207: 1650.00	
Employee's name and address – Nom et adresse de l'employé		18		20		46	
Last name (in capital letters) – Nom de famille (en lettres moulées): Brown		First name – Prénom: Dan		Pension adjustment – line 206 / Facteur d'équivalence – ligne 206		Charitable donations – see over / Dons de bienfaisance – voir au verso	
Initials – Initiales: A		52		50		56	
Other information (see over)		Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso		PPIP insurable earnings / Gains assurables du RPAP			
Autres renseignements (voir au verso)		55		56			
T4							

1. Dan's employer used the following record of his earnings and deductions to complete the T4.

Gross Income	\$31 200.00
Payroll Deductions	
• Federal tax	\$3135.60
• Provincial tax	\$1544.40
• CPP	\$1371.15
• EI	\$539.76

Use the information above to help you interpret the T4 on page 134. In what box on the T4 is each value found?

- a) Employment income _____
 b) CPP contributions _____
 c) EI premiums _____
 d) Income tax deducted _____

Dan contributes to a registered pension plan for his retirement. This is a **tax deduction** that he can subtract from his income to determine his taxable income.

2. What is the value of Dan's registered pension plan (RPP) contribution on his T4? _____
3. Dan will need the values on the T4 to complete the **T1**, which is the tax return. On what line of the T1 would he enter each of the following amounts?

- a) Employment income _____
 b) Income tax deducted _____
 c) Union dues _____



What Is the T1 General?

The T1 General form includes 4 pages. The main parts of the T1 are

- Identification
- Total income
- Net income
- Taxable income
- Refund or balance owing

Go to pages 45–50 to write definitions for **tax deduction** and **T1** in your own words.

For the current T1 General form, go to **www.mcgrawhill.ca/books/workplace12** and follow the links.



Dan's T1 General form appears on the following pages. Use it to answer the questions that follow.


4. Refer to page 1 of the T1 form. What is its main purpose?

5. Fill in the following information for Dan on page 1.

- Provide a full name, address, social insurance number, date of birth, language preference, marital status, and place of residence for Dan.
- Dan will give the CRA permission to give certain information to Elections Canada.
- Dan is eligible for the GST/HST credit since he is older than 19 and has a modest income.


Elections Canada uses the information to produce voters lists.

The GST/HST credit is a tax-free quarterly payment that helps people with low and modest incomes offset all or part of the GST or HST that they pay.

 Canada Revenue Agency Agence du revenu du Canada	<h2 style="margin: 0;">T1 GENERAL</h2> <h3 style="margin: 0;">Income Tax and Benefit Return</h3>
Complete all the sections that apply to you in order to benefit from amounts to which you are entitled.	
<h4 style="margin: 0;">Identification</h4> <p style="font-size: x-small; margin: 0;">Attach your personal label here. Correct any wrong information. If you are not attaching a label, print your name and address below.</p> <p>First name and initial _____</p> <p>Last name _____</p> <p>Mailing address: Apt No – Street No Street name _____</p> <p>PO Box _____ RR _____</p> <p>City _____ Prov./Terr. _____ Postal code _____</p>	<p style="text-align: right; font-size: small;">ON 1</p> <h4 style="margin: 0;">Information about you</h4> <p style="font-size: x-small; margin: 0;">Enter your social insurance number (SIN) if it is not on the label, or if you are not attaching a label: _____</p> <p style="font-size: x-small; margin: 0;">Enter your date of birth: _____</p> <p style="font-size: x-small; margin: 0;">Your language of correspondence: English <input type="checkbox"/> Français <input type="checkbox"/></p> <p style="font-size: x-small; margin: 0;">Tick the box that applies to your marital status on December 31, 2009: (see the "Marital status" section in the guide)</p> <p style="font-size: x-small; margin: 0;"> <input type="checkbox"/> Married <input type="checkbox"/> Living common-law <input type="checkbox"/> Widowed <input type="checkbox"/> Divorced <input type="checkbox"/> Separated <input type="checkbox"/> Single </p>
<h4 style="margin: 0;">Information about your residence</h4> <p style="font-size: x-small; margin: 0;">Enter your province or territory of residence on December 31, 2009: _____</p> <p style="font-size: x-small; margin: 0;">Enter the province or territory where you currently reside if it is not the same as that shown above for your mailing address: _____</p> <p style="font-size: x-small; margin: 0;">If you were self-employed in 2009, enter the province or territory of self-employment: _____</p> <p style="font-size: x-small; margin: 0;">If you became or ceased to be a resident of Canada in 2009, give the date of: _____</p> <p style="font-size: x-small; margin: 0;"> entry Month Day or departure Month Day </p>	<h4 style="margin: 0;">Information about your spouse or common-law partner (if you ticked box 1 or 2 above) (see the guide for more information)</h4> <p style="font-size: x-small; margin: 0;">Enter his or her SIN if it is not on the label, or if you are not attaching a label: _____</p> <p style="font-size: x-small; margin: 0;">Enter his or her first name: _____</p> <p style="font-size: x-small; margin: 0;">Enter his or her net income for 2009 to claim certain credits: _____</p> <p style="font-size: x-small; margin: 0;">Enter the amount of Universal Child Care Benefit included on line 117 of his or her return: _____</p> <p style="font-size: x-small; margin: 0;">Enter the amount of Universal Child Care Benefit repayment included on line 213 of his or her return: _____</p> <p style="font-size: x-small; margin: 0;">Tick this box if he or she was self-employed in 2009: 1 <input type="checkbox"/></p>
<h4 style="margin: 0;">Elections Canada</h4> <p style="font-size: x-small; margin: 0;">(see the Elections Canada page in the tax guide for details or visit www.elections.ca)</p> <p>A) Are you a Canadian citizen? Yes <input type="checkbox"/> 1 No <input type="checkbox"/> 2</p> <p style="font-size: x-small; margin: 0;">Answer the following question only if you are a Canadian citizen.</p> <p>B) As a Canadian citizen, do you authorize the Canada Revenue Agency to give your name, address, date of birth, and citizenship to Elections Canada for the National Register of Electors? Yes <input type="checkbox"/> 1 No <input type="checkbox"/> 2</p> <p style="font-size: x-small; margin: 0;">Your authorization is valid until you file your next return. Your information will only be used for purposes permitted under the <i>Canada Elections Act</i> which includes sharing the information with provincial/territorial election agencies, Members of Parliament and registered political parties, as well as candidates at election time.</p>	
<h4 style="margin: 0;">Goods and services tax/harmonized sales tax (GST/HST) credit application</h4> <p style="font-size: x-small; margin: 0;">See the guide for details.</p> <p>Are you applying for the GST/HST or the Ontario Sales Tax (OST) credit? Yes <input type="checkbox"/> 1 No <input type="checkbox"/> 2</p>	

6. a) Refer to page 2 of the T1 form. What will you calculate by the end of this page? _____

b) Describe income that someone might have that would not be recorded on a T4.

As a Canadian resident, you have to report your income from all sources both inside and outside Canada. What do you think this statement means? 

7. a) Dan does not have foreign income. Complete box 266.

b) Use Dan's T4 information to complete line 101 on page 2 below. Since Dan has no other income, you can complete line 150 for his total income.

2

Your guide contains valuable information to help you complete your return.
When you come to a line on the return that applies to you, look up the line number in the guide for more information.

Please answer the following question:

Did you own or hold foreign property at any time in 2009 with a total cost of more than CANS\$100,000? (see the "Foreign income" section in the guide for details) **266** Yes 1 No 2
 If **yes**, attach a completed Form T1135.
 If you had dealings with a non-resident trust or corporation in 2009, see the "Foreign income" section in the guide.

As a Canadian resident, you have to report your income from all sources both inside and outside Canada.

Total income

Employment income (box 14 on all T4 slips)	101		
Commissions included on line 101 (box 42 on all T4 slips)	102		
Other employment income	104+		
Old Age Security pension (box 18 on the T4A(OAS) slip)	113+		
CPP or QPP benefits (box 20 on the T4A(P) slip)	114+		
Disability benefits included on line 114 (box 16 on the T4A(P) slip)	152		
Other pensions or superannuation	115+		
Elected split-pension amount (see the guide and attach Form T1032)	116+		
Universal Child Care Benefit (see the guide)	117+		
Employment Insurance and other benefits (box 14 on the T4E slip)	119+		
Taxable amount of dividends (eligible and other than eligible) from taxable Canadian corporations (see the guide and attach Schedule 4)	120+		
Taxable amount of dividends other than eligible dividends, included on line 120, from taxable Canadian corporations	180		
Interest and other investment income (attach Schedule 4)	121+		
Net partnership income: limited or non-active partners only (attach Schedule 4)	122+		
Registered disability savings plan income (see the guide)	125+		
Rental income	Gross 160		Net 126+
Taxable capital gains (attach Schedule 3)			127+
Support payments received	Total 156		Taxable amount 128+
RRSP income (from all T4RSP slips)			129+
Other income	Specify:		130+
Self-employment income (see lines 135 to 143 in the guide)			
Business income	Gross 162		Net 135+
Professional income	Gross 164		Net 137+
Commission income	Gross 166		Net 139+
Farming income	Gross 168		Net 141+
Fishing income	Gross 170		Net 143+
Workers' compensation benefits (box 10 on the T5007 slip)	144		
Social assistance payments	145+		
Net federal supplements (box 21 on the T4A(OAS) slip)	146+		
Add lines 144, 145, and 146 (see line 250 in the guide).	=		▶ 147+
Add lines 101, 104 to 143, and 147.			
This is your total income.	150		

8. Refer to page 3 of the T1 form. What will you calculate on this page? _____ and _____
9. Follow the instructions to complete page 3.
 - Re-enter the amount for line 150 on page 3 of the T1 form.
 - Dan has a tax deduction on his T4. It is his _____. Enter the amount on line 207.
 - Since Dan has no other tax deductions, you can complete lines 233, 234, and 236. Dan's net income is _____.
 - The amount that is left after all tax deductions is called **taxable income**. In Dan's case, this is the same as his net income. Enter this amount on line 260.

Go to pages 45–50 to write a definition for **taxable income** in your own words.

Chapter 4

◀ **Attach your Schedule 1 (federal tax) and Form 428 (provincial or territorial tax) here. Also attach here any other schedules, information slips, forms, receipts, and documents that you need to include with your return.** 3

Net income

Enter your **total income** from line 150. 150

Pension adjustment (box 52 on all T4 slips and box 34 on all T4A slips) 206

Registered pension plan deduction (box 20 on all T4 slips and box 32 on all T4A slips) 207

RRSP deduction (see Schedule 7 and **attach** receipts) 208+

Saskatchewan Pension Plan deduction (maximum \$600) 209+

Deduction for elected split-pension amount (see the guide and **attach** Form T1032) 210+

Annual union, professional, or like dues (box 44 on all T4 slips, and receipts) 212+

Universal Child Care Benefit repayment (box 12 on all RC62 slips) 213+

Child care expenses (**attach** Form T778) 214+

Disability supports deduction 215+

Business investment loss Gross 228 Allowable deduction 217+

Moving expenses 219+

Support payments made Total 230 Allowable deduction 220+

Carrying charges and interest expenses (**attach** Schedule 4) 221+

Deduction for CPP or QPP contributions on self-employment and other earnings (**attach** Schedule 8) 222+

Exploration and development expenses (**attach** Form T1229) 224+

Other employment expenses 229+

Clergy residence deduction 231+

Other deductions Specify: 232+

Add lines 207 to 224, 229, 231, and 232. 233 =

Line 150 minus line 233 (if negative, enter "0"). This is your **net income before adjustments**. 234 =

Social benefits repayment (if you reported income on line 113, 119, or 146, see line 235 in the guide) 235-

Use the federal worksheet to calculate your repayment.

Line 234 minus line 235 (if negative, enter "0"). If you have a spouse or common-law partner, see line 236 in the guide. 236 =

This is your net income. 236 =

Taxable income

Canadian Forces personnel and police deduction (box 43 on all T4 slips) 244

Employee home relocation loan deduction (box 37 on all T4 slips) 248+

Security options deductions 249+

Other payments deduction (if you reported income on line 147, see line 250 in the guide) 250+

Limited partnership losses of other years 251+

Non-capital losses of other years 252+

Net capital losses of other years 253+

Capital gains deduction 254+

Northern residents deductions (**attach** Form T2222) 255+

Additional deductions Specify: 256+

Add lines 244 to 256. 257 =

Line 236 minus line 257 (if negative, enter "0") 260 =

This is your taxable income. 260 =

Use your taxable income to calculate your federal tax on Schedule 1 and your provincial or territorial tax on Form 428.

10. Refer to page 4 of the T1 form. What will you determine on this page?

You will learn how to do this in the next section.

Refund or balance owing

4

Net federal tax: enter the amount from line 55 of Schedule 1 (attach Schedule 1, even if the result is "0")	420		
CPP contributions payable on self-employment and other earnings (attach Schedule 8)	421+		
Social benefits repayment (enter the amount from line 235)	422+		
Provincial or territorial tax (attach Form 428, even if the result is "0")	428+		
Add lines 420 to 428.			
This is your total payable. 435=			

Total income tax deducted (see the guide)	437			•
Refundable Quebec abatement	440+			•
CPP overpayment (enter your excess contributions)	448+			•
Employment Insurance overpayment (enter your excess contributions)	450+			•
Refundable medical expense supplement (use federal worksheet)	452+			•
Working Income Tax Benefit (WITB) (attach Schedule 6)	453+			•
Refund of investment tax credit (attach Form T2038(IND))	454+			•
Part XII.2 trust tax credit (box 38 on all T3 slips)	456+			•
Employee and partner GST/HST rebate (attach Form GST370)	457+			•
Tax paid by instalments	476+			•
Provincial or territorial credits (attach Form 479 if it applies)	479+			•
Add lines 437 to 479.				
These are your total credits. 482=				

Line 435 minus line 482 =

If the result is negative, you have a **refund**. If the result is positive, you have a **balance owing**.

Enter the amount below on whichever line applies.


Generally, we do not charge or refund a difference of \$2 or less.

Refund 484 _____ •

Balance owing (see line 485 in the guide) **485** _____ •

Amount enclosed 486 _____ •


Attach to page 1 a **cheque** or **money order** payable to the Receiver General. Your payment is due no later than April 30, 2010.

 **Direct deposit – Start or change (see line 484 in the guide)**

You do not have to complete this area every year. Do not complete it this year if your direct deposit information has not changed. **Refund, GST/HST credit, WITB advance payments, and any other deemed overpayment of tax** – To start direct deposit or to change account information only, **attach** a "void" cheque or complete lines 460, 461, and 462.

Notes: To deposit your **CCTB** payments (including certain related provincial or territorial payments) into the **same** account, also tick box 463. To deposit your **UCCB** payments into the **same** account, also tick box 491.

Branch number	Institution number	Account number	CCTB	UCCB
460 _____ (5 digits)	461 _____ (3 digits)	462 _____ (maximum 12 digits)	463 <input type="checkbox"/>	491 <input type="checkbox"/>

 Ontario Opportunities Fund You can help reduce Ontario's debt by completing this area to donate some or all of your 2009 refund to the Ontario Opportunities Fund. Please see the provincial pages for details.	Amount from line 484 above		1
	Your donation to the Ontario Opportunities Fund	465 –	• 2
	Net refund (line 1 minus line 2)	466 =	• 3

I certify that the information given on this return and in any documents attached is correct, complete, and fully discloses all my income. Sign here _____ It is a serious offence to make a false return. Telephone – – Date _____	490 For professional tax preparers only	Name: _____
		Address: _____

		Telephone: – –

Your Turn

Get a copy of the most recent T1 General form. Use it to answer the following questions.

- 11. a)** Explain how you will answer the questions on page 1 of the T1 about
- Elections Canada

- GST/HST credit application

- b)** Complete page 1 on your copy of the T1.

- 12. a)** On page 2, highlight the lines about the sources of income that apply to you this year.

- b)** How many lines other than Total Income on line 150 did you highlight? _____

- c)** Survey 5 class members. Other than Total Income, how many lines did each student highlight?

- d)** Compare the results. What do you notice?

- e)** You have information about the number of lines that you and 5 of your class members highlighted on page 2 of the T1. Is this a large enough sample to draw conclusions about how many lines teenagers fill in on page 2 of the T1? YES NO Explain.

- f)** Estimate and record the income for each line that you highlighted on page 2. Enter your total estimated income on line 150.



- 13. a)** On page 3, highlight the tax deductions that apply to you this year.
- b)** How many lines did you highlight? _____
- c)** Survey 5 class members. How many lines did each student highlight?

- d)** Compare the results. Can you come to any conclusion? Explain why or why not.

- e)** Estimate and record the tax deductions for each line that you highlighted on page 3. Enter your taxable income on line 260.

For information about types of income and tax deductions, search the General Income Tax and Benefit Guide. Go to **www.mcgrawhill.ca/books/workplace12** and follow the links.



✓ Check Your Understanding

- 1. a)** Marco worked full-time during the summer. His family moved to a different city in October. What information must he provide to his former employer?

- b)** Explain why.

- 2. a)** Completing most of the T1 General Tax form was
- easier than I thought it would be
 - about what I thought it would be
 - harder than I thought it would be
- Check 1 answer.
- b)** Discuss your answer to part a) with several classmates.