

Chapter 4 Review

Match the description in column A with the correct term in column B.

A	B
1. used to summarize an employee's annual earnings and deductions _____	a) tax credit
2. used to determine the amount of federal tax payable _____	b) T1 General
3. used to determine the amount of federal and provincial tax to deduct from an employee's pay _____	c) tax deduction
4. used to determine the amount of Ontario tax payable _____	d) TD1
5. reduces the amount of tax payable _____	e) T4
6. subtracted from income to determine taxable income _____	f) ON428

7. a) Calculate Emil's approximate annual gross income if he earns about \$575 per week.
- b) Approximately 22% of gross income is deducted from Emil's pay. Calculate his approximate weekly net income.
8. How can keeping receipts for expenses help lower your income tax?

Date _____

Use the T4 to answer #9.

Employer's name – Nom de l'employeur		Canada Revenue Agency / Agence du revenu du Canada		T4 STATEMENT OF REMUNERATION PAID ÉTAT DE LA RÉMUNÉRATION PAYÉE	
		Year / Année	20xx		
Payroll Account Number (15 characters) / Numéro de compte de retenues (15 caractères)		14	Employment income – line 101 / Revenus d'emploi – ligne 101	22	Income tax deducted – line 437 / Impôt sur le revenu retenu – ligne 437
			85 331.03		16 193.92
54	Province of employment / Province d'emploi	10	Employee's CPP contributions – line 308 / Cotisations de l'employé au RPC – ligne 308	24	EI insurable earnings / Gains assurables d'AE
		ON	2163.15		42 300.00
12	Social insurance number / Numéro d'assurance sociale	28	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
999 875 202					
Employee's name and address – Nom et adresse de l'employé		29	Employee's EI premiums – line 312 / Cotisations de l'employé à l'AE – ligne 312	44	Union dues – line 212 / Cotisations syndicales – ligne 212
Last name (in capital letters) – Nom de famille (en lettres moulées) / First name – Prénom / Initials – Initiales					
		18	RPP contributions – line 207 / Cotisations à un RPA – ligne 207	46	Charitable donations – see over / Dons de bienfaisance – voir au verso
			731.79		1227.84
		20	Pension adjustment – line 206 / Facteur d'équivalence – ligne 206	50	RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB
			8826.63		
		52	Employee's PPIP premiums – see over / Cotisations de l'employé au RPAP – voir au verso	56	PPIP insurable earnings / Gains assurables du RPAP

9. Fill in each value using the T4.

a) Employment income _____	b) Province of employment _____
c) Income tax deducted _____	d) EI _____

10. List 2 tax advantages and 2 disadvantages of being self-employed compared to being an employee.

11. Your friend is in business for himself. His business starts to improve. What could he do to reduce his taxes?

- 12.** Zoe had a total income of \$29 505 last year.
- She contributed \$1500 to an RRSP.
 - She contributed \$2400 to a pension plan through her work.
 - She paid \$520 in union dues.
- a) Record each amount on the appropriate line on page 3 of the T1 General.
- b) What is her taxable income? _____

◀ **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) Use the federal worksheet to calculate your repayment.		235 -	
Line 234 minus line 235 (if negative, enter "0"). If you have a spouse or common-law partner, see line 236 in the guide.			
		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")	
		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.