

## Chapter 4 BLM Answers

## BLM 4–1 Practice Using the CRA Payroll Calculator

- a) \$341.84**
- b) 85%**
1. Answers are in italics. Values are likely to vary depending on the year. These values are based on 2010 rates

Weekly Gross Income	Weekly Net Income	Net Income as a % of Gross Income
a) \$150	\$143.31	96%
b) \$350	\$305.46	87%
c) \$550	\$448.91	82%
d) \$750	\$593.75	79%

2. Answers are in *italics*. Values are likely to vary depending on the year. These values are based on 2010 rates.

Week of: <i>May 17, 2010</i>	
Gross Income	<i>\$750.00</i>
Deductions	
• Federal tax	<i>\$72.50</i>
• Provincial tax	<i>\$36.98</i>
• CPP	<i>\$33.79</i>
• EI	<i>\$12.98</i>
Total Deductions	<i>\$156.25</i>
<b>Net Income</b>	<i>\$593.75</i>

### BLM 4–2 Practice Using an Online Income Tax Calculator

- 1–4., 6.** Answers are in italics. Values will vary depending on the year. These values are based on 2010 rates. An example is provided for part d).

Gross Weekly Income	Taxable Income	Claim Code	Total Tax Deducted	Gross Annual Income	Total Annual Tax Deducted
a) \$750	\$750	1	\$109	\$39 000	\$5668
b) \$750	\$675	1	\$90	\$39 000	\$4680
c) \$750	\$675	4	\$71	\$39 000	\$3692
d) \$650	\$650	2	\$83	\$33 800	\$4316

3.
  - a) tax deduction
  - b) decreased taxable income
5. Answers may vary. Possible answers include: claiming an amount for 2 children; claiming tuition and textbooks for part-time studies



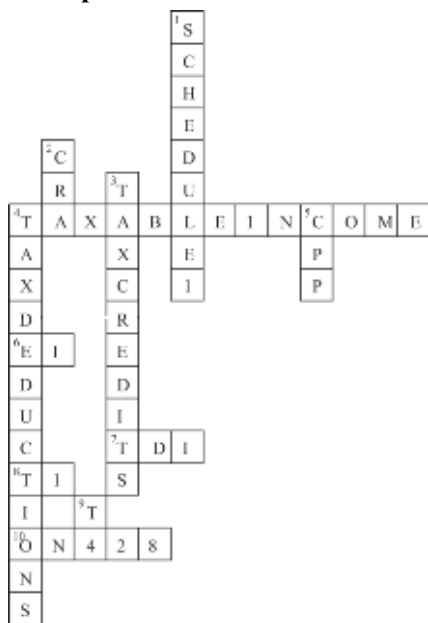
**BLM 4-3 Hairstylist Spreadsheet**

House Expenses: Answers will vary. Ensure that estimates are reasonable. Possible answers are in italics.

	A	B	C	D	E	F	G	H	I
1		Gas	Electricity	Water	Phone	Alarm	Home Insurance	Property Tax	Total
2	Jan	\$177			\$90	\$42	\$55	\$1245	\$1609
3	Feb	\$247	\$320		\$90	\$42	\$55		\$754
4	Mar	\$163		\$355	\$90	\$42	\$55		\$705
5	Apr	\$150	\$280		\$90	\$42	\$55		\$617
6	May	\$142			\$90	\$42	\$55		\$329
7	Jun	\$130	\$200	\$350	\$90	\$42	\$55		\$867
8	Jul	\$125			\$90	\$42	\$55	\$1245	\$1557
9	Aug	\$125	\$240		\$90	\$42	\$55		\$552
10	Sep	\$136		\$323	\$90	\$42	\$55		\$646
11	Oct	\$167	\$300		\$90	\$42	\$55		\$654
12	Nov	\$200			\$90	\$42	\$55		\$387
13	Dec	\$221	\$350	\$307	\$90	\$42	\$55		\$1065
	Total	\$1983	\$1690	\$1335	\$1080	\$504	\$660	\$2490	\$9742

Business Expenses: Answers will vary. Ensure that expense categories are reasonable.

**BLM 4-4 Chapter 4 Word Puzzle**



**Across**

4. taxable income
6. EI
7. TD1

8. T1
10. ON428

**Down**

1. Schedule 1
2. CRA
3. tax credits
4. tax deductions
5. CPP
9. T4

**BLM 4-5 Chapter 4 Test**

1. a) to summarize annual earnings and deductions  
b) to record total income, net income, taxable income, and refund or balance owing  
c) to determine net federal tax
2. a) \$19 500  
b) \$18 330
3. a) \$24 999.00  
b) \$1248.00  
c) \$2659.54  
d) \$1064.18
4. a) line 150: \$24 999.00; line 207: \$1248.00;  
line 212: \$418.55  
b) \$23 332.45



5. Tax deductions: child care expenses, moving expenses, union dues  
Tax credits: tuition fees, medical expenses, charitable donations
6. a) \$3062  
b) balance owing  
c) \$712  
d) Answers will vary. Look for one suggestion. Possible answers include:
- Make a contribution to an RRSP to reduce taxes and help plan for retirement as David has no pension.
  - Consult an accountant or a bookkeeper about tax deductions and tax credits that David may be eligible for.
7. a) page 3 of the T1 General  
b) Schedule 1

#### BLM 4-6 Chapter 4 Task

2. a) Note that answers will depend on the current liquor servers minimum wage. 2010 in Ontario: \$8.90  
b) 16 hours  
c) 284.80  
d) \$27 120
3. a) \$52 495  
b) \$52 495; All of her income, including tips, is taxable.  
c) She should expect a balance owing. Aamira does not have taxes deducted from her tip income.
4. a) Answers may vary depending on the year. These values are based on 2010 rates.

Gross Income	\$615.00
Deductions	
• Federal tax	\$21.13
• Provincial tax	\$8.05
• CPP	\$23.78
• EI	\$10.64
Total Deductions	\$63.60
<b>Net Income</b>	<b>\$551.40</b>

- b) Gross Income: \$15 375.00;  
Federal Tax: \$528.25;  
Provincial Tax: \$201.25; CPP: \$594.50;  
EI: \$266.00
- c) box 14: \$15 375.00; box 16: \$594.50;  
box 18: \$266.00; box 22: \$729.50

5. a) Answers may vary depending on the year. These values are based on 2010 rates.

Gross Income	\$284.80
Deductions	
• Federal tax	\$0
• Provincial tax	\$0
• CPP	\$7.43
• EI	\$4.93
Total Deductions	\$12.36
<b>Net Income</b>	<b>\$272.44</b>

- b) Gross Income: \$7120.00; Federal Tax: \$0; Provincial Tax: \$0; CPP: \$185.75; EI: \$123.25
- c) box 14: \$7120.00; box 16: \$185.75; box 18: \$123.25; box 22: \$0
6. Aamira is required to disclose all of her income, including tips.
- Note for #7 and 8: Values will vary depending on the year. These values are based on 2009 tax rates and forms completed in 2010.
7. a) Line 150: \$52 495.00; Line 260: \$52 495.00  
Line 420: \$6818.15; Line 428: \$3652.64  
Line 435: \$10 470.79; Line 482: \$729.50  
Line 485: \$9741.29  
b) Balance owing: \$9741.29
8. a) Answers may vary. Example: Increase tax deductions. Set a goal to put \$5000 into an RRSP.  
b) and c) Answers will vary depending on amount in part a).
9. a) Answers may vary. Look for two sources, such as bookkeeper, accountant, tax preparation service, volunteer service.  
b) Answers may vary. Example:
- Advantage: A tax professional can inform me about tax deductions and tax credits.
  - Disadvantage: An accountant charges about \$100 to complete a return.
10. Answers will vary. Look for two strategies. Example:
- a) Aamira should log her tip income every day and use the record to file an accurate return.
- b) Aamira could consult a tax preparation service about how best to keep records and reduce taxes payable.

