

HW: p.291 #1
p.287 #6,7,8
worksheet

7.3A - Taxes Worksheet

Determine the net income after CPP, EI, provincial and federal taxes have been paid. Both CPP and EI are tax deductible.

1. \$ 30 000 with a federal tax rate of 15% and a provincial tax rate of 5.06%

$$\begin{aligned} \text{CPP} &= (30\,000 - 3500) \times 0.0495 = \$1\,311.75 \\ \text{EI} &= 30\,000 \times 0.0163 = \$489 \end{aligned} \quad \Bigg] + \$1\,800.75$$

$$\begin{aligned} \text{Federal taxes: } & 30\,000 - 1\,800.75 - 11\,635 = \$16\,564.25 \\ & \$16\,564.25 \times 0.15 = \$2\,484.64 \end{aligned}$$

$$\begin{aligned} \text{Provincial taxes: } & 30\,000 - 1\,800.75 - 10\,207 = \$17\,992.25 \\ & \$17\,992.25 \times 0.0506 = \$910.41 \end{aligned}$$

$$\text{Net pay: } \$30\,000 - \$1\,800.75 - \$2\,484.64 - \$910.41$$

$$= \boxed{\$24\,804.20}$$

2. \$ 62 000 with a federal tax rate of 15% and a provincial tax rate of 5.49%

$$\begin{aligned} \text{CPP} &= \$2\,564.10 \\ \text{EI} &= \$836.19 \end{aligned} \quad \Bigg] + = 3\,400.29$$

$$\begin{aligned} \text{Fed taxes: } & 62\,000 - 3\,400.29 - 11\,635 = \$46\,964.71 \\ & \$46\,964.71 \times 0.15 = \$7\,044.71 \end{aligned}$$

$$\begin{aligned} \text{Prov taxes: } & 62\,000 - 3\,400.29 - 10\,207 = \$48\,392.71 \\ & \$48\,392.71 \times 0.0549 = \$2\,656.76 \end{aligned}$$

$$\text{Net pay: } \$62\,000 - \$3\,400.29 - \$7\,044.71 - \$2\,656.76$$

$$= \boxed{\$48\,898.33}$$