

Step 1: Find Taxable Income

Employment Income: \$ 70 000

Subtract:

• Registered Retirement Plan (\$ 5 400)

• Union amount (\$ 600)

Taxable Income \$ 64 000

Step 2: Find Federal Tax Credit Amount

A) Add up all deductions in the federal column.

Basic Personal	\$ 11	327
CPP	2	356.20
EI		930.60
Canadian Emp. Amt.	1	146
Tuition	+ 5	089
Total Federal Tax deductions	\$ 20	848.80

Now multiply this amount by 15% to find the federal tax credit amount

$$\begin{array}{r} \times 0.15 \\ \hline \$3127.32 \end{array}$$

B) Find Tax amount on \$64 000 (federal)

Amount taxed at 15%

$$(45\ 282)(0.15) = \$6\ 792.30$$

Amount taxed at 20.5%

$$64\ 000 - 45\ 282 = \$18\ 718$$

$$(\$18\ 718)(0.205) = \$3\ 837.19$$

Total

$$\$10\ 629.49$$

Federal Tax Amount - Federal Tax Credit

$$10\ 629.49 - 3\ 127.32$$

$$= 7\ 502.17$$

Net Federal Tax Amount is \$7 502.17

Step 3: Provincial Tax

A) Add Provincial Reductions

CPP	\$2 356.20
EI	891.12
Tuition	5 089
Basic Personal	+ 8 481
TOTAL	<hr/> \$16 817.32

Multiply this total

by 8.79% to get the $\times 0.0879$

Provincial Tax Credit \$1 478.24

B) Find Provincial Tax Amount:

Taxed @ 8.79% → \$29 590

Taxed @ 14.95% → 59 180 - 29 590 = \$29 590

Taxed @ 16.67% → 64 000 - 59 180 = \$ 4 820

$$(29\ 590)(0.0879) = 2\ 600.96$$

$$(29\ 590)(0.1495) = 4\ 423.71$$

$$(4\ 820)(0.1667) = + 803.49$$

Total \$ 7828.16

Provincial Tax Amount - Provincial Tax Credit
7828.16 - 1478.24

Net Provincial Tax Amt. = \$6 349.92

Total Tax (Fed + Provincial)

$$7502.17 + 6349.92 = 13852.09$$

Total Tax owed for the year ↗

Now adjust for overpayment

Total Tax \$ 13 852.09

CPP Overpmt. (365)

EI Overpmt. (160)

\$ 13 327.09

Now deduct what they have already paid to see if they owe the government or if they are getting a refund

Amount they owe in taxes - Amt they have already paid

$$13\,327.09 - 15\,250$$

$$= -1922.91$$

They will get a refund of
\$1922.91