



UNDERSTANDING INCOME TAX

LEARNING MATERIALS
FOR LITERACY AND BASIC SKILLS

(Revised July 2003)



OTTAWA-CARLETON
DISTRICT SCHOOL BOARD

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These learning materials were created at the Literacy and Basic Skills Program of the Ottawa-Carleton District School Board, with funds from the [National Literacy Secretariat](#).

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Preface

For some time, we had been concerned that many of our students were often paying someone else to do their income tax returns for them. We wanted to show them that the tax forms were not as complicated as they might seem at first. We also wanted to acquaint them with the services provided by CCRA to low income tax payers with simple tax situations.

We recognize that even when the unit has been completed, many students will probably still be intimidated by the tax forms and would prefer to have someone more knowledgeable complete the return. They will, however, know more about our taxation system and will be aware that, even if you don't have the confidence to prepare your own return, you don't always have to pay someone else to prepare it. We hope that the knowledge they have gained will give them more control over an important part of their lives.

We have tried to keep the reading material close to Level 2 in complexity and difficulty. The tax return itself is a complex document, and we felt that a fairly low reading level would make it easier for students to gain an understanding of the income tax system. Although designed primarily for students in Levels 2 and 3, some of the simpler activities could be used with Level 1 students. Moreover, although our Level 4 field testers found the material quite easy, they also said it was interesting and useful.

We have provided performance indicators after each activity to enable teachers more easily to assess which outcomes have been demonstrated successfully on completion of the various tasks.

N.B. Since tax forms change each year according to budget decisions and indexing of deductions, the exercises should be seen as general in nature. The amounts used in the examples will be valid in 2002, but it is likely they will change in subsequent years. However, the teacher will be able to update these numbers by referring to a current year's guide. The skills needed to fill out a return are unlikely to change.

Acknowledgments

We wish to thank many people who made this project possible:

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The people of the Client Services Directorate of Canada Customs and Revenue Agency who gave us the benefit of their knowledge and experience and who kept us on the right track by checking and correcting our interpretation of the facts

The people at the Employment and Financial Assistance Branch of People Services in the City of Ottawa who provided us with useful information about social assistance programs

Last, but certainly not least, the teachers and students of the following school boards throughout the province who spent a considerable amount of time on field testing our materials - their comments and suggestions were invaluable:

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Ottawa-Carleton District School Board
Peel District School Board
Toronto Catholic District School Board
Toronto District School Board
Upper Grand District School Board

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Unit A

Introduction to Income Tax

We have created four activities to introduce income tax:

1. Feelings about Income Tax – page 2

written feelings and responses, with instructions for a structured discussion, and a short writing activity to record the discussion

2. A Short History of Taxation – page 8

a reading passage with comprehension questions, and a demonstration

3. Canada's Modern Taxation System – page 17

a reading passage and discussion/comprehension questions

4. Where the Money Goes – page 24

a one-page article, and written exercises that require the students to scan the article, to name their current political leaders, and to identify which government services they themselves use

Unit A

Activity 1

Feelings About Income Tax

To the Teacher:

This activity consists of written feelings and responses to stimulate discussion, and a simple writing activity.

Make one copy of each of the five pages of **Feelings About Income Tax**, and cut them up into thirteen **Feeling** slips and thirteen **Response** slips. Keep all the **Feeling** slips, and distribute the **Response** slips. Read **Feeling #1** and ask for the students' own responses first, then for the student who has **Response #1** to read the written response. When you are finished discussing this feeling, ask the students to sum it up in one word (sometimes this word is on the slip of paper, sometimes it isn't, e.g., confused). Write this word for all to see and copy down, under the heading **Feelings about Income Tax**. In this way you discuss each of the 13 feelings and responses. When you are finished, students can circle, check or underline each of the feelings that they feel.

If you don't want to discuss all 13 feelings, then leave out some in the middle, rather than leaving out the last ones. We say this because feelings 1 to 10 are negative; feeling 11 is neutral, and feelings 12 and 13 are positive. If you discuss only the first few feelings, you will not have any good ones to discuss.

Of course, you can use the Feeling/Response sheets in any other way that works for you and your students.

We have put this activity at the beginning of our unit because we recognize that some people's feelings will get in the way of studying income tax in a relaxed way. We feel that if we acknowledge and respond to potential feelings, it will clear the way for more productive engagement with the topic. The feelings we have included come from focus groups that we conducted with Literacy and Basic Skills learners in Ottawa, and from volunteer tax preparers in CCRA programs. Though we include here more negative feelings than positive ones, it was the positive ones that we heard more frequently in our focus groups, because many of the participants associated doing income tax with getting money back from the government.

Feelings about Income Tax

Feeling #1

Trying to do my income tax is overwhelming. There's too much information and it's very confusing.



Response #1

It is confusing. Everyone gets confused. Only an expert sees everything clearly. It helps if you can take your time, look at your forms from last year and get help.

Feeling #2

I procrastinate. I leave it to the last minute because I don't know where to start!



Response #2

A good place to start is to set up a place to work and lay out all your papers. Look at your return from last year to remind yourself what you did. Make sure you have everything you need. Then start by filling out the first page.

Feeling #3

I feel bad because I don't know how to do the math!



Response #3

Get someone to help you with it. Use a calculator. Some of our activities will give you practice doing the math.

Feeling #4

I'm scared that I might make a mistake!



Response #4

Don't worry too much about making a mistake. If you make an honest mistake, and the people who check your forms find it, they will help you fix it.

Feeling #5

I get frustrated because I have to do things over and over. I keep finding mistakes or realizing that I forgot something.



Response #5

Yes, that's frustrating. Everyone goes through that when they fill out their tax returns. Tax returns aren't the kind of thing you can do perfectly the first time. Your tax package has two copies of each form so that you can fill out a rough copy first. Do your rough copy in pencil.

Feeling #6

I'm worried that I'm going to have to pay money. I can't afford to pay more money.



Response #6

If you owe some money, but you don't have it, then you can pay it in small amounts every month. You will have to pay interest. They will look at your situation before they decide how much you must pay every month.

Feeling #7

I get angry because I don't want to give the government more of my money. They just waste it.



Response #7

This might be your impression from some news stories about government spending, but in fact most of our tax money goes to important services that we all benefit from. Remind yourself about the ways that you get this money back, like in hospitals, roads and schools.

Feeling #8

I get angry because I've heard of rich people who figure out how to pay no tax. I'm not rich and I have to pay it. That's not fair.

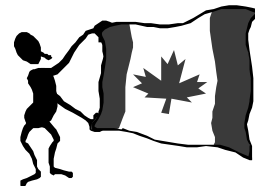


Response #8

Everybody pays income tax. In fact, people with higher incomes pay a larger percent of their income as tax. There are some places where people can put their money without paying tax on it right away, like RRSPs, but they will pay tax on it later.

Feeling #9

I didn't have to pay tax in the country where I lived before. Why do I have to pay it here?



Response #9

Your taxes in Canada pay for schools, hospitals, income for poor people, and many other things.

Feeling #10

I feel cheated by the people who understand these things. I don't understand it at all, so I'm not sure that the person who prepares my income tax is doing it the best way for me.



Response #10

It's not in anyone's interest to cheat you. The people who fill out tax returns for others follow laws that require them to be honest. We have made these activities so that even if you don't fill out your tax return yourself, you will understand what is going on, and not feel cheated.

Feeling #11

It's all a mystery to me. I don't try to understand it. I just pay someone to fill out the forms and then I forget about it.

Response #11

It's good that you're not stressed by income tax. We hope these activities make it less mysterious to you.

Feeling #12

I'm happy to fill out my income tax return, because then I get money back from the government.



Response #12

Yes, the money you get back might be a tax refund. Or you might get the GST Credit, Canada Child Tax Benefit or a provincial tax credit.

Feeling #13

I'm proud to pay income tax. It makes my country strong. The money I pay in income tax makes things that we all share.



Response #13

?

Unit A
Activity 2

A Short History of Taxation

To the Teacher:

This activity consists of a reading passage with comprehension questions, and a demonstration.

A Short History of Taxation



People have paid taxes -- usually unwillingly -- for thousands of years. In Canada, our first recorded tax was collected in 1650. The early taxes were usually customs duties. This was money that was paid on goods that were imported or exported. The King of France charged Canada's first tax -- a tax on the skins of beaver and moose that were sent back to Europe. The money raised by this tax went to the French government. Later, the English brought in similar customs duties, and this money, naturally, went back to England.



When Canada became a country in 1867, the **federal government** was given the power to raise money through taxes. However, it was another fifty years before Canadians had to pay income tax.

Before 1917, when income tax was first brought in, the government did raise money through taxes, but these were indirect taxes. They were indirect because nobody paid money directly to the government. Instead they paid indirectly through such things as sales taxes and customs duties.



The provinces got some money from the federal government, but they also raised their own money through fees, licenses and rents. To raise still more money, they put taxes on horses, dogs, cars, gasoline, salmon, canaries, foxes, circuses, and bowling alleys. That's quite a list of taxable items!

In 1917, the federal government found it needed to raise more money. In August 1914, Canada, along with the rest of the **British Empire** as it then was, had declared war on Germany. To raise the extra money, the Canadian Parliament voted to tax people directly on their income. This was to be

only a **temporary** tax. Money was needed to fight the war, but the **Finance Minister** said that when the war ended, the tax would be '**reviewed**.'

As we all know, income tax is still with us. After the war, the government had to build hospitals, look after soldiers who had been wounded, pay pensions. In other words, it still needed more money, so it kept the tax.

Until recently, Revenue Canada collected income taxes for the government. Nowadays, the federal agency that collects taxes is called the Canada Customs and Revenue Agency - CCRA for short. As well as collecting income tax, the agency also looks after the goods and services tax credit program (GST refunds). It looks after the Canada Child Tax Benefit program too. If you want to receive either a GST refund or a Child Tax Benefit, you must file an income tax return.

Glossary

Federal government - Federal means 'to do with the whole country.' The federal government looks after things that concern all Canadians.

British Empire - A group of countries that looked to Britain for laws, etc. Now known as the Commonwealth. The countries still have ties to Britain but make their own laws.

Finance Minister - The person in charge of the country's money.

Temporary - Just for a short time.

Reviewed - Looked at again.

Comprehension Questions

1. When did Canadians first pay income tax ?
2. After reading the passage, you can assume that the following were important activities during the sixteen hundreds. Circle the one you think was most important.

Farming Fur trading Ship building

3. What was your reason for circling this activity?
4. Until 1999, Revenue Canada collected taxes. What is the name of the agency that collects taxes now?
5. Even if you don't earn enough money to pay taxes, there are two good reasons why you should still file a tax return. What are these reasons?

Comprehension Questions (Answers)

1. When did Canadians first pay income tax?

1917.

2. After reading the passage, you can assume that the following were important activities during the sixteen hundreds. Circle the one you think was most important.

Farming Fur trading Ship building

3. What was your reason for circling this activity?

An inference question. Taxes - or customs duties - would be likely to be placed on items that would bring in a lot of money. The French king put duties on the beaver and moose skins that went back to Europe.

4. Until 1999, taxes were collected by Revenue Canada. What is the name of the agency that collects taxes now?

Canada Customs and Revenue Agency

5. Even if you don't earn enough money to pay taxes, there are two good reasons why you should still file a tax return. What are these reasons?

To get GST refund or to get Canada Child Tax Benefit

Performance Indicators

	Level 2	Level 3
Reading	• uses context cues and personal experience to gather meaning from the text • scans to find simple information • uses phonics and knowledge of word parts to decode more easily • uses conventions of formal text to find information • reads text made up of a number of short paragraphs • text is familiar with personal and/or general relevance • text has concrete information in familiar concrete wording • some simple inferential meaning	• skims to understand type of text, scans to find specific information • uses various conventions of formal texts to locate and interpret information • text is within the interest of the reader with personal and/or general relevance • text has a combination of concrete and inferential meaning, some of it complex, some unfamiliar vocabulary
Writing	• answers simple comprehension questions • uses appropriate mechanics (see <i>The Level Descriptions</i>, p 31)	• uses appropriate mechanics (see <i>The Level Descriptions</i>, p. 32)

Demonstration

This demonstration will show that students have understood what they have read and are able to retell the information. It may be a demonstration of the ability to convey a main idea in a paragraph (Level 2) or to write a short summary, presenting opinions based on reading (level 3). It might also be used as an oral presentation. At both levels, the requirement is that the information be presented coherently and appropriately.

Instructions to the student:

Level 2

Your class is doing a project on the history of Canada. Everyone has to choose a different topic. Since it is almost tax time, you think it might be interesting to write about Canada's tax system.

Using the information you have just read, write at least one paragraph in your own words about the history of taxation in Canada. You might want to use some of the 5 Ws to help you to organize your thoughts.

If you wish, you may present your summary orally to your class.

Level 3

Imagine you are part of a letter-writing exchange with a school in another country. You want to explain Canada's taxation system to the students in this other school. Using the information you have just read, write a short summary of the history of taxation in Canada. Your summary should have an introduction and a conclusion, and should contain examples of things we have paid taxes on and give some of the reasons why we had to pay taxes.

If you wish, you could start your summary like this:

"You asked me to tell you about our tax system here in Canada. First of all, I'll tell you a bit about the history of our taxes. ... "

You could also give an oral presentation to your class on this subject.

Performance Indicators

	Level 2	Level 3
Writing	• answers simple comprehension questions • organizes thoughts to convey a main idea in a paragraph • uses basic organizers in the paragraph • introduced words from reading into writing • uses various sentence types (questions and commands) • chooses words appropriate to their purpose • uses appropriate mechanics (see <i>The Level Descriptions</i>, p 31)	• writes short compositions to present factual information • organizes information to present information in developed paragraphs • uses introductory and concluding paragraphs, appropriate connecting words and relevant supports • uses a simple and compound sentences • uses appropriate mechanics (see <i>The Level Descriptions</i>, p. 32)
Speaking and Listening	• listens to others and contributes ideas appropriate to the topic of discussion; expresses ideas and opinions, and provides feedback to others in discussions about familiar topics • uses a wide range of familiar vocabulary to organize, link, and clarify ideas when speaking • Presents ideas clearly in a coherent order	• uses a wider range of vocabulary • makes a case to a familiar person, speaking clearly in a focused and organized way • listens to others and stays on topic in conversations on familiar and unfamiliar topics, responding with feedback to the ideas of others • repairs misunderstandings in communication to keep discussion going • uses increased understanding of how non-verbal communication cues affect communication

Unit A

Activity 3

Canada's Modern Taxation System

To the Teacher:

This activity consists of a reading passage and discussion/comprehension questions.

This activity is intended primarily to increase the students' general knowledge about Canada's income tax system. As such, it does not readily lend itself to a demonstration task by itself. However, the information contained in this activity, along with the information in other units could be used as background material for a class presentation or discussion activity. This would be a demonstration of speaking and listening skills.

The reading passage is followed by a page of comprehension questions, including one on facts and opinions. This activity could also lead into a wider discussion of the difference between facts and opinions.

Canada's Modern Taxation System

Taxes of one sort or another have been with us for a very long time. Years ago, when leaders needed money, they either went out and stole it or forced their own people to pay them. Nowadays, before new taxes are introduced or old ones are changed, Parliament has to agree. The Finance Minister is responsible for the budget. The budget lays out what the government wants to spend money on. Sometimes tax cuts are announced. This makes the voters happy. Sometimes tax increases are announced. If the government wants to spend more money, it has to get more or go further into debt.

The Finance Minister presents the budget to the House of Commons. In theory, the MPs could vote it down. In fact, however, there are more government MPs in the House than there are opposition ones, so the budget will normally be passed. Then any new taxes will become law.

In Canada, we have a progressive taxation system. This means that the more money you make, the more taxes you should pay. It isn't a perfect system. Lower income people don't pay as many dollars in tax, but it isn't always easy to manage on what is left. Even if rich people pay a bigger percent of their income, it is easier for them to manage on what is left. It also sometimes seems that governments give big business even bigger tax breaks. These tax breaks are meant

to encourage them to do more business. This should then lead to more jobs for more Canadians.

Some people have suggested that a flat tax would be fairer to everyone. If we all paid 10 percent of our total income, say, low wage earners might pay less and higher income earners would almost certainly pay more. Experts have looked at this idea, but they believe it wouldn't bring in as much money as our present system does. They also point out that people wouldn't get the tax breaks we've all come to expect. At present, we get a personal exemption, a spousal exemption, rebates for *GST*, tax credits for housing costs, credits for charitable donations and medical expenses, and several other things. So, for now, Canada is keeping the progressive tax system.

The provincial governments follow a similar process. They can increase or reduce provincial taxes independently. They don't have to follow the federal government. Their MPPs (Members of the Provincial Parliament) have to approve the budget, just as the MPs do in the federal parliament.



Questions (*Students*):

After you have read about modern taxation systems, your teacher may ask you to discuss the answers to the questions below.

1. Who decides how much income tax we should pay?
2. What sort of taxation system does Canada have?
3. Is this a fair system? Explain your view.
4. What other type of taxation system have some people suggested we should use in Canada?
5. Do you think this would be a good idea? Explain why or why not?
6. Some of the answers to these questions were facts, but some were opinions. Which ones were facts and which were opinions?

Facts

Opinions

Questions (*Teacher*):

1. Who decides how much income tax we should pay? Elected MPs and MPPs.
2. What sort of taxation system does Canada have? A progressive system.
3. Is this a fair system? Explain your view.
4. What other type of taxation system have some people suggested we should use in Canada? A flat tax.
5. Do you think this would be a good idea?
6. Some of the answers you gave were facts, but some were opinions. Which ones were facts and which were opinions?

Facts: 1, 2 and 4. Opinion: 3 and 5

The answers to the questions are either facts or opinions. The passage could be used in an activity that discusses the difference between the two. Students may be given an opportunity to answer the questions in writing or in a discussion as a speaking and listening activity.

Performance Indicators

	Level 2	Level 3
Reading	• uses context cues and personal experience to gather meaning from the text • scans to find simple information • uses phonics and knowledge of word parts to decode more easily • uses conventions of formal text to find information • reads text made up of a number of short paragraphs • text has personal and/or general relevance • text has concrete information in familiar concrete wording • some simple inferential meaning • distinguishes between fact and opinion in a text • follows simple written instructions	• skims to understand type of text, scans to find specific information • uses various conventions of formal texts to locate and interpret information • text is within the interest of the reader with personal and/or general relevance • text has a combination of concrete and inferential meaning, some of it complex, some unfamiliar vocabulary • makes inferences • follows written instructions

	Level 2	Level 3
Writing	• answers simple comprehension questions • uses appropriate mechanics (see <i>The Level Descriptions</i>, p 31)	• uses appropriate mechanics (see <i>The Level Descriptions</i>, p. 32)
Speaking and Listening	• listens to others and contributes ideas appropriate to the topic of discussion; expresses ideas and opinions, and provides feedback to others in discussions about familiar topics • uses a wide range of familiar vocabulary to organize, link, and clarify ideas when speaking • presents ideas clearly in a coherent order	• uses a wider range of vocabulary • makes a case to a familiar person • speaks clearly in a focused and organized way • listens to others and stays on topic in conversations on familiar and unfamiliar topics, responding with feedback to the ideas of others • repairs misunderstandings in communication to keep discussion going • uses increased understanding of how non-verbal communication cues affect communication

Unit A

Activity 4

Where the Money Goes

To the Teacher:

This activity consists of a one-page article, and written exercises that require the students to scan the article, name their current political leaders, and identify which government services they themselves use. We have also included a demonstration.

Students may do this activity alone, in small groups, or as a class. We recommend discussion and cooperation at any time.

The point of this activity is not for the learner to remember exactly which level of government provides which service; rather, it is hoped that the learner will become better at reading to find information from an article, and will understand the general idea that different levels of government are responsible for different services.

Students might ask about government services that aren't mentioned in the article (e.g., fire fighters, post offices, subsidized housing, snow clearing). If you would like to follow up on which level of government is responsible for these, you could refer your students to the blue government pages of the phone book, where services are either sorted by level of government, or listed together with 'F' for federal or 'P' for provincial next to each one.

After the article and exercises for this activity, you will find an answer sheet, a demonstration, an assessment sheet, and a list of performance indicators.

Where the Money Goes

The money we pay as tax on our income goes to the government of Canada and to the government of our province.

Where do these governments spend our money? Read the lists below to find out.



The Federal Government

The federal government spends our income tax money on things that are the same everywhere in Canada. For example, they spend it on:

- Employment Insurance
- the armed forces
- the RCMP
- the Canada Pension Plan
- immigration officers and customs officers
- transfer payments to the provinces

The Provincial Government

Our provincial government spends our income tax money on things that may be different in every province. For example, they spend it on:

- hospitals
- schools
- roads
- some of the social assistance payments *
- disability support programs
- provincial police

By the way... The money you pay as income tax doesn't go to public libraries, community centres or garbage collection. Those are paid for by municipal governments, using property taxes -money from taxes on land and buildings.

* Social assistance programs are shared between the provincial and municipal governments

Where the Money Goes – Exercises

- A) This exercise asks you to say who pays for certain government services. Read the page called “Where the Money Goes” to find the correct answer to each question. Put a check mark in the box under the correct answer.

You don’t have to try to remember all the answers, you just need to be able to find them in the article, and to understand the general idea.

	We pay for this when we pay income tax to the federal government.	We pay for this when we pay income tax to the provincial government.	People who own land or buildings pay for this when they pay property tax to the municipal government.
1. Who pays for immigration officers?			
2. Who pays for the RCMP?			
3. Who pays for roads?			
4. Who pays for the provincial police?			
5. Who pays for the public libraries?			
6. Who pays for community centres?			

	We pay for this when we pay income tax to the federal government.	We pay for this when we pay income tax to the provincial government.	People who own land or buildings pay for this when they pay property tax to the municipal government.
7. Who pays for customs officers?			
8. Who pays for transfer payments?			
9. Who pays for hospitals?			
10. Who pays for schools?			
11. Who pays for the army?			
12. Who pays for garbage collection?			
13. Who pays for social assistance? *			
14. Who pays for disability support programs?			

- B) The article mentions the federal government, the provincial government and the municipal government. The article doesn't tell you who the leaders of these governments are right now. Find out who they are and write their names below. You might have to ask your teacher.

The leader of the federal government is _____

The leader of the provincial government is _____

The leader of the municipal government is _____

- C) Use these words to fill in the blanks:

federal
premier
prime minister

mayor
provincial
municipal

The government of my city is called the _____ government. It is led by the

_____. The government of my province is called the _____ government.

It is led by the _____. The government of Canada is called the _____

government. It is led by the _____.

D)

Do you use these things, or do you benefit from these things?

Circle yes or no.

Employment Insurance	yes	no
the armed forces	yes	no
the RCMP	yes	no
the Canada Pension Plan	yes	no
immigration officers and customs officers	yes	no
transfer payments to the provinces	yes	no
hospitals	yes	no
schools	yes	no
roads	yes	no
the provincial police	yes	no
the public library	yes	no
the community centre	yes	no
garbage collection service	yes	no

How many times did you say **yes**? _____

How many times did you say **no**? _____

Do you think you get your money's worth for the income tax you pay?

Please explain why or why not.

Demonstration

Read these lists to answer the questions at the bottom of this page.

The Provincial Government Our provincial government spends our income tax money on things that may be different in every province. For example, they spend it on: • roads • provincial police • schools • disability support programs • hospitals • social assistance payments*	The Federal Government The federal government spends our income tax money on things that are the same everywhere in Canada. For example, they spend it on: • the armed forces • immigration officers and customs officers • the RCMP • the Canada Pension Plan • Employment Insurance • transfer payments to the provinces
---	--

* Social assistance payments are shared with municipalities

1. Who pays for the RCMP?

2. Who pays for hospitals?

3. Who pays for customs officers?

4. Who pays for disability support programs?

Answers

Exercise A

		We pay for this when we pay income tax to the federal government.	We pay for this when we pay income tax to the provincial government.	People who own land or buildings pay for this when they pay property tax to the municipal government.
1.	Who pays for immigration officers?	✓		
2.	Who pays for the RCMP?	✓		
3.	Who pays for roads?		✓	
4.	Who pays for the provincial police?		✓	
5.	Who pays for the public libraries?			✓
6.	Who pays for community centres?			✓
7.	Who pays for customs officers?	✓		
8.	Who pays for transfer payments?	✓		
9.	Who pays for hospitals?		✓	
10.	Who pays for schools?		✓	
11.	Who pays for the army?	✓		
12.	Who pays for garbage collection?			✓
13.	Who pays for social assistance? *		✓	✓
14.	Who pays for disability support programs?		✓	

Exercise B

Answers will vary.

Exercise C

The government of my city is called the **municipal** government. It is led by the **mayor** . The government of my province is called the **provincial** government. It is led by the **premier** . The government of Canada is called the **federal** government. It is led by the **prime minister**.

Exercise D

Answers will vary slightly. Most people use and benefit from most things. Not everyone is eligible for Employment Insurance. Students may need more information about the Canada Pension Plan and transfer payments.

Demonstration

- | | |
|---|---|
| 1. we do, via the federal government | 3. we do, via the federal government |
| 2. we do, via the provincial government | 4. we do, via the provincial government |

Assessment (Exercises)

Give yourself one point for each correct answer in Exercises A, B and C.

How many points do you have in total? _____

20 to 23 points: **Excellent!**

Between 14 and 19 points: **Good!**

13 points or less: it might be a good idea to go over the exercises with some help from your teacher.

If you had some mistakes, what were they?

How could you avoid making those mistakes next time?

What will you remember from reading this article and doing these exercises?

Teacher's comments:

Assessment (Demonstration)

To the teacher:

We have not created a formal assessment sheet for this demonstration, because it is very straight forward. The learner must get all four answers correct, without help, and within a maximum of 20 minutes.

Performance Indicators

	Level 2	Level 3
Reading	• uses context cues and personal experience to gather meaning from the text • scans to find simple information • uses phonics and knowledge of word parts to decode more easily • reads text: one page of short paragraphs • follows simple written instructions • identifies the main idea and supporting details • begins to consider ideas from reading in development of own opinions	• skims to understand type of text, scans to find specific information • uses various conventions of formal texts to locate and interpret information • text is within the interest of the reader with personal and/or general relevance • text has a combination of concrete and inferential meaning, some of it complex, some unfamiliar vocabulary • makes judgments using evidence from the text • recognizes how one's own attitude may influence interpretation
Writing	• answers simple comprehension questions • introduces words from reading into writing • uses appropriate mechanics (see <i>The Level Descriptions</i>, p. 31)	• presents opinions based on reading • uses appropriate mechanics (see <i>The Level Descriptions</i>, p. 32)

	Level 2	Level 3
Speaking and Listening	• listens to others and contributes ideas appropriate to the topic of discussion; expresses ideas and opinions, and provides feedback to others in discussions about familiar topics • works to repair misunderstandings in communication • tries to use a tone that suits the situation	• uses a wider range of vocabulary • makes a case to a familiar person • listens to others and stays on topic in conversations on familiar and unfamiliar topics, responding with feedback to the ideas of others • repairs misunderstandings in communication to keep discussion going • uses increased understanding of how non-verbal communication cues affect communication

Unit B

The Canada Customs and Revenue Agency

We have created four activities that relate to the Canada Customs and Revenue Agency:

1. The Canada Customs and Revenue Agency: What is it exactly? - page 37

a two-page reading, and an exercise involving scanning the reading and saying large numbers

2. Where to Get Help - page 43

a reading passage

3. T.I.P.S. - page 48

students use the *General Income Tax and Benefit Guide*, the T.I.P.S. recorded telephone messages, and T.I.P.S. on-line to answer questions

4. Getting Addresses over the Phone - page 61

a table of Canadian places to be scanned, with corresponding addresses to be given orally by one student, and written down accurately by another

Unit B Activity 1

The Canada Customs and Revenue Agency: What is it, exactly?

To the Teacher:

This activity consists of a two-page reading, and an exercise involving scanning the reading and saying large numbers.

Students can read the text aloud as a class, or silently on their own. The text contains several numbers that are the basis of the exercise that follows. Students are asked to match each of the numbers in the text to how they are said and what they describe in the text. They can do this matching in one of two ways, by drawing lines to join items in three lists, or by grouping items that are on slips of paper. You can choose the method that is easiest for you to prepare if your time is tight, or you can choose the method that your students would enjoy or benefit from the most, or you might choose to do the activity one way on one day and the other way on a second day - that way the students would spend more time with the content (you might have them do the activity on the second day without the text, to see if they can remember what the numbers mean) and to practice two kinds of exercises.

The Canada Customs and Revenue Agency: What is it, exactly?

When we do our income tax, the Canada Customs and Revenue Agency comes up a lot. They send us papers in the mail. We phone them to ask questions. We go to their offices to get forms. We look at their web site.

But do we really know what the Canada Customs and Revenue Agency is?

Well, it used to be called Revenue Canada. The old Revenue Canada was reorganized in 1999, to be more efficient. It was given the new name of the Canada Customs and Revenue Agency. Often, we use just its initials: CCRA.

Today, more than 40,000 people work for the CCRA. Some people work full-time, some people work part-time and some people work seasonally.



They have the huge job of collecting income taxes from Canadians, as well as other jobs. Let's look a little more closely at how the CCRA handles income tax.

To help us with our income tax, the CCRA runs about 40 tax services offices across Canada, where we can get information and forms.



Every year, they collect income tax returns from 21,500,000 individual taxpayers and 1,200,000 corporations in Canada. They collect these tax returns at seven tax centres across Canada. There, they collect our forms, collect our money and mail out our cheques.

The CCRA sends a GST credit to 9,000,000 people. Also, they send the Canada Child Tax Benefit to 3,300,000 people.



So, you can see, the CCRA is many people spread out across Canada doing a very large job!

Draw lines to match one item from each list. (If you prefer, you can write the letter, number, letter of the three things that go together.)

What we write:

- a) 21,500,000
- b) 9,000,000
- c) 3,300,000
- d) 1,200,000
- e) 40,000
- f) 1999
- g) 40
- h) 7

What we say:

- 1. forty
- 2. forty thousand
- 3. nine million
- 4. nineteen ninety-nine
- 5. one million, two hundred thousand
- 6. seven
- 7. three million, three hundred thousand
- 8. twenty-one million, five hundred thousand

What the number describes in the text:

- a) how many companies send in tax returns every year in Canada
- b) how many individual taxpayers send in income tax returns every year in Canada
- c) how many people get a GST credit from the CCRA every year
- d) how many people get the Canada Child Tax Benefit every year
- e) how many people work for the CCRA today
- f) the number of tax centres that CCRA has
- g) the number of tax services offices that CCRA has
- h) the year that Revenue Canada was reorganized and renamed the Canada Customs and Revenue Agency

These are for the teacher to photocopy, cut into 24 slips, shuffle, and ask students to group into three, according to the text: The Canada Customs and Revenue Agency -What is it exactly?

40,000	forty thousand	This is how many people work for the CCRA today.
3,300,000	three million, three hundred thousand	This is how many people get the Canada Child Tax Benefit every year.
21,500,000	twenty-one million, five hundred thousand	This is how many individual taxpayers send in income tax returns every year in Canada.
1,200,000	one million, two hundred thousand	This is how many corporations send in tax returns every year in Canada.
9,000,000	nine million	This is how many people get a GST credit from the CCRA every year.
7	seven	This is the number of tax centres that CCRA has.
40	forty	This is the number of tax services offices that CCRA has.
1999	nineteen ninety-nine	This is the year Revenue Canada was reorganized and renamed the Canada Customs and Revenue Agency.

The Canada Customs and Revenue Agency - What is it Exactly?

ANSWERS

The correct matchings are:

a → 8 → b	e → 2 → e
b → 3 → c	f → 4 → h
c → 7 → d	g → 1 → g
d → 5 → a	h → 6 → f

Or, put another way:

What we write:	What we say:	What the number describes:
40,000	forty thousand	how many people work for the CCRA today
3,300,000	three million, three hundred thousand	how many people get the Canada Child Tax Benefit every year
21,500,000	twenty-one million, five hundred thousand	how many individual taxpayers send in income tax returns every year in Canada
1,200,000	one million, two hundred thousand	how many corporations send in tax returns every year in Canada
9,000,000	nine million	how many people get a GST credit from the CCRA every year
7	seven	the number of tax centres that CCRA has
40	forty	the number of tax services offices that CCRA has
1999	nineteen ninety-nine	the year Revenue Canada was reorganized and renamed the Canada Customs and Revenue Agency

Unit B
Activity 2

Where to Get Help

To the Teacher:

This activity consists of a reading passage.

Where to Get Help

The proper name for the form that you get in the mail or pick up from the post office is **the income tax and benefit return**.

Most people just call this a tax return or a tax form.

Many people also take one look at the form and think it looks much too difficult for them to fill out. It's true

that it does look complicated. However, you can get help with filling out the form. The Canada Customs and Revenue Agency (CCRA) wants people to pay their fair share of taxes. They also want to make sure that people receive any refunds and benefits they are entitled to, so they provide help to make it easier to fill out the forms. Read the following article to see where you can go for help with your tax return and who qualifies to have this help.



If you are on social assistance, or if you only have the money you earn by working for someone, filling out a tax return is usually not very complicated. Even so, people don't always feel confident enough to do it for themselves. We hope that when you have worked through the exercises on income tax, you will feel a bit more confident. At the very least, you will know more about how to fill in the forms and where the money goes that you pay in taxes.

But what if you still don't feel too happy about filling out the forms?

Fortunately, there are several things you can do.

- You can pay someone to do your return. The TV ads show people going to a storefront accountant, getting their refund early, and then buying all sorts of good things with the money they got back. In the background you see other people who didn't do this and are still waiting for their refund. They don't look very happy.

There are a couple of things the ads don't show.

You don't have to go to an accountant to send your tax form in early. Anyone can send in the return before the last day, not just people who get an accountant to fill out the form. The earlier you send in the form, the earlier you will get money back. Get it in before the rush.

The other thing that isn't mentioned is that you have to pay accountants. That's fair enough. Preparing tax returns is part of their job. They should be paid, but if your tax return is straightforward, you don't have to go to an accountant and pay for the service.

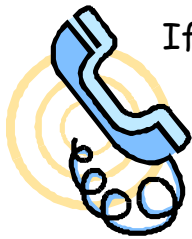
So what can you do if you can't afford to pay an accountant?



CCRA (Canada Customs and Revenue Agency) wants to make it as easy as possible for you to send in your tax return. They know that many people are worried about doing their own taxes. To deal with this problem, the

agency trains volunteers to help people fill out their return.

- If you can't fill out your income tax and benefit returns by yourself and can't afford to pay someone to help you, CCRA's Community Volunteer Income Tax Program may be for you. If your income is low and your tax situation is simple, specially trained volunteers can help you complete your income tax and benefit return. Before you pay to have your forms completed, have a look around in the neighbourhood. CCRA's trained volunteers are available at tax centres and in many community centres. They will prepare your return for free.



If you need help to fill out your return, and also for general tax enquiries, this is the toll free CCRA number to call:

1 - 800 - 959 - 8281

Just remember that a couple of things have to be true if you want to get a volunteer to help you:

You must have only a low or modest income

You must have a simple tax situation.

If you have investments with capital gains or losses, or you own a business, or rent out rooms or apartments, or if you have income property back home, the volunteer program is not for you. You will either have to complete the return for yourself, or you will have to pay an accountant to do it for you.

If you have only your work income, or social assistance and benefits income, then you could qualify for help from a volunteer.

Of course, what looks complicated to you may be quite simple for someone who has been trained to do tax returns. In addition, even though you may have only your payments from work or from social assistance, there may be benefits you can claim. If you are not sure about this, try the volunteers first. They are trained to deal with the situations that are likely to affect low income tax payers. If it is too complicated, the volunteer will tell you. Then you can go to an accountant if you have to.

CCRA also provides a Tax Information Phone Service (T.I.P.S.) which may answer many of your questions. The number to call for this is 1-800-267-6999.

If you have access to the Internet, you can also get tax information on the CCRA website at www.ccra-adrc.gc.ca/tips.



To the Teacher:

This activity engages the students with the T.I.P.S. service of the Canada Customs and Revenue Agency, first over the telephone and then on-line. You might choose to do one or both.

The Tax Information Phone Service (T.I.P.S) provided by CCRA gives information on a wide variety of tax related topics. However, many of the messages are very long and contain a great deal of information. Before assigning a message number to students and asking them to report on the information they receive, you should listen to the message for yourself in order to judge whether students would be able to extract the information they need.

Three fairly straightforward messages are contained in 147 (non-taxable income), 400 (GST/HST credit), and 500 (Canada Child Tax Benefit - CCTB). These are the ones we have used in the exercises that follow.

In addition, for those who have access to the Internet, we have provided a similar activity for students to find information on the CCRA web site.

We suggest that you check this activity out for yourself before assigning it to students. Web sites do change from time to time, and it can be very frustrating for students to find the instructions don't go with what is on the screen.

Although we have provided a copy of the T.I.P.S. page of the *Guide*, it doesn't photocopy very well. We have provided it only so that you or your students can see which page it is. If students are going to work with this page, they should use the actual one in the *Guide*.

T.I.P.S. over the Telephone



At tax time, there are lots of people who can help you with your taxes. CCRA (Canada Customs and Revenue Agency) has trained volunteers to help. Many Community Centres have volunteers who can help you to fill out your return. CCRA also provides a phone service that can help you with some of your questions. The service is called the Tax Information Phone Service - or T.I.P.S. for short.

You can find information about T.I.P.S. in your *General Income Tax and Benefit Guide*.

The top half of the last page in the guide has information about various services. Some of the services are only available at certain times. Some need you to give your SIN number and information from your tax return - either the one you have just filled out or the one from last year.

Your teacher will give you the page from the guide that you will need to answer the questions that follow. Using the information on the page from the guide that your teacher gave you, fill in the dates when some of the information services are available.

Services	Available dates
Telerefund (when you'll get your refund)	
GST/HST credit	
Canada Child Tax Benefit (CCTB)	
Info-Tax (phone information on tax topics)	

What is the 1-800 phone number you have to call to get this tax information?

Which number do you have to enter next to get information on your tax refund? _____

What number do you have to enter to get information about CCTB? _____

If you want information about other topics, you can use the Info-Tax service.

Look at the guide again. What numbers do you have to enter to contact Info-Tax? _____

Info-Tax is available most of the year, but there are a couple of weeks when it is not available.

When is Info-Tax not available? _____

If you want to contact Info-Tax, you first enter the two numbers given in the top table. Next, you have to enter the numbers for the particular tax message you want to hear.

What two numbers do you enter for an Info-Tax message about the GST/HST credit? _____

What numbers do you enter for an Info-Tax message about the Canada Child Tax Benefit (CCTB)? _____

What numbers do you enter for an Info-Tax message about money you don't have to pay tax on - non-taxable income? _____

Now, you are going to call one of the Info-Tax message numbers. You will use the information you get to answer the questions below.

1. What 1-800 number do you call to contact T.I.P.S? ____
2. What two numbers do you enter to connect to the Info-Tax Service? _____
3. What number do you enter to get Info-Tax information about the GST credit? _____

When you have entered these numbers, you will hear information about the GST credit.

4. Who can apply for this credit? _____
5. If you are married, can both you and your spouse apply for the GST credit? _____
6. When will the cheques be sent to you if you get less than \$100 of GST credit in a year? _____
7. What number should you call if you need more information about this? _____

If you didn't get everything down as you listened, or to check it, you can call again. The message is automated, so you won't annoy anyone by calling back.

Now that you have the information you need, you can choose what you do next. If you wish, you can write a one paragraph report on the answers you got. If you prefer, you can tell your teacher in your own words what the answers to the questions were.

Using the CCRA Web Site to Find Information



Your teacher will give you the T.I.P.S. information sheet that you will use to do the following exercise.

You are going to the Info-Tax online site to get some information about the GST credit.

1. What web address do you use to get T.I.P.S. Online?
2. Open your web browser and type in the T.I.P.S. address. Remember to leave no spaces, and do not use any capitals.
3. When you get to the T.I.P.S. Online site, choose *General Tax* information.
4. Next choose *Interactive Information Service*.
5. Go to *Information for Individuals*.
6. Choose *Topics A-Z*.
7. Go to *G* in the alphabet list.
8. Choose *Goods and Services Tax/Harmonized Sales Tax*.
9. Choose *GST/HST*.
10. Who qualifies for the GST credit?
11. Go to the *Frequently Asked Questions (FAQs)*. When are the payments made?
12. How does CCRA decide how much you will get as a GST credit?
13. If you move, there are three ways you can tell CCRA your new address? Give details (addresses, phone numbers).
14. If you couldn't find the answers you needed, what can you do?

This is just to show you which page in the Guide you need to answer the T.I.P.S. questions. Ask your teacher for a copy of the original page.. It will be easier to read.

T.I.P.S. (Tax Information Phone Service) and T.I.P.S. Online

For personal and general tax information, use our automated services, T.I.P.S. (by phone at 1-800-267-6999) and T.I.P.S. Online (at www.cra.gc.ca/tips).

Services	Available dates	Phone	Online
Telerefund – find out the status of your refund for 2002.	mid-February to the end of December	press “1”	select “Telerefund”
Goods and services tax/harmonized sales tax (GST/HST) credit – find out if you are eligible for the credit and the date you can expect to receive the next payment.	three weeks before through two and a half weeks after each payment is issued	press “2”	select “GST/HST credit”
Canada Child Tax Benefit (CCTB) – find out if you are eligible for the CCTB and the date you can expect to receive the next payment.	one week before through one week after each payment is issued	press “3”	select “Canada Child Tax Benefit”
RRSP deduction limit – find out the maximum amount you can deduct on your return for 2002 for your RRSP contributions, as well as any of your unused contributions.	mid-September to the end of April	press “4” and then “1”	select “RRSP deduction limit”
Info-Tax – get tax information for residents and non-residents of Canada.	seven days a week, mid-January to the end of December	press “4” and then “2” (see list below)	select “Interactive Information Service”
Bulletin Board – get recent tax and benefit information that may be of interest to you.	seven days a week, year round	press “4” and then “3”	select “Bulletin Board”
Business Information – get tax information relating to operating a business.	seven days a week, year round	press “5”	select “Business Information”

To get information from Telerefund, GST/HST credit, CCTB, or RRSP deduction limit, you will have to give us your social insurance number, your month and year of birth, and:

- if you contact us before May 1, the amount you entered on line 150 of your return for 2001; or
- if you contact us on or after May 1, the amount you entered on line 150 of your return for 2002.

List of Info-Tax message numbers and topics (phone only)			
104 Other employment income	306 Amounts for infirm dependants age 18 or older	607 TELEFILE	
121 Interest income	314 Pension income amount	608 NETFILE	
126 Rental income	315 Caregiver amount	609 Exchange rates	
127 Capital gains	316 Disability amount	610 Do you have to file a return?	
128 Support payments received	319 Interest paid on student loans	611 Missing information	
130 Other income	323 Tuition and education amounts	612 Newcomers to Canada	
147 Non-taxable income	324 Tuition and education amounts transferred from a child	630 Enhanced income tax services	
208 RRSP deduction	326 Amounts transferred from your spouse or common-law partner	631 Services for persons with disabilities	
214 Child care expenses	330 Medical expenses	632 Community Volunteer Income Tax Program	
215 Attendant care expenses	349 Donations and gifts	655 Home Buyers' Plan	
219 Moving expenses	400 GST/HST credit	702 Instalment information	
220 Support payments made	500 Canada Child Tax Benefit (CCTB)	703 Payment arrangements	
221 Carrying charges and interest expenses	601 EFILE	705 Interest on refunds and unpaid taxes	
229 Other employment expenses	602 Filing or making changes to a previous year's return	706 Late-filing penalties	
232 Other deductions	603 Your appeal rights	707 Interest rate	
254 Capital gains deduction	604 Voluntary disclosures	882 Direct deposit	
255 Northern residents deductions	605 Authorizing representatives	883 Problem Resolution Program	
301 Age amount	606 Refunds	899 Info-Tax survey	
303 Spouse or common-law partner amount		999 Main menu	
305 Amount for an eligible dependant			

Demonstration I

The student will follow the same procedure as above, but this time will access the Info-Tax message on the Canada Child Tax Benefit (CCTB). The student will first have to identify the numbers to call. Then he or she will answer the following questions.

1. What is the CCTB?
2. Do you have to pay tax on CCTB money?
3. Who can get it?
4. Which parent is usually considered to be the 'primary caregiver'?
5. Can a visitor to Canada get it?

When the student has found the answers to all the questions, he or she can choose whether to give a short report in writing or whether to simply tell the teacher what the answers are in a short oral report. As before, if the student was unable to obtain all the necessary information, he or she may listen to the message again. Because of this, the student should answer all 5 questions correctly.

Demonstration II

The student will follow the same procedure as above, but this time will access the Info-Tax message on non-taxable income. The student will first have to identify the numbers to call. Then he or she will answer the following questions.

1. You don't have to pay tax on all the money you receive.
If you received Workers Compensation, you can find out how much you got during the year on your T5007 slip.
Which box number do you look at to find out how much you got?
2. Which line do you enter this on when you fill out your tax return?
3. If you received Social Assistance payments, this is also entered on the T5007 slip. Which box do you look at for the amount of your Social Assistance payments?
4. Which line do you enter this on when you fill out your tax return?
5. Give three examples of income that you don't have to report on your tax return because you don't pay tax on it.

When the student has found the answers to all the questions, he or she can choose whether to give a short report in writing or whether to simply tell the teacher what the answers are in a short oral report. As before, if the student was unable to obtain all the necessary information, he or she may listen to the message again. Because of this, the student should answer all 5 questions correctly.

Assessment

If students choose to give a written report, it should show the Performance Indicators given at the end of this section. The information should be complete and accurate since the students were able to listen to the message as many times as they needed to. The difference between Levels 2 and 3 would lie in the expression and complexity of sentence structure that each used.

If an oral report is preferred, again, the report should show the Performance Indicators given at the end of this section.

Performance Indicators

	Level 2	Level 3
Reading	• uses context cues and personal experience to gather meaning from the text • scans to find simple information • uses phonics and knowledge of word parts to decode more easily • uses conventions of formal text to find information • reads text made up of a number of short paragraphs • text is familiar with personal and/or general relevance • text has concrete information in familiar concrete wording	• skims to understand type of text, scans to find specific information • uses various conventions of formal texts to locate and interpret information • text is within the interest of the reader with personal and/or general relevance • text has a combination of concrete and inferential meaning, some of it complex, some unfamiliar vocabulary

	Level 2	Level 3
Writing	• completes forms • organizes information in a simple paragraph • uses appropriate mechanics (see <i>The Level Descriptions</i>, p 31)	• completes forms requiring non-personal information • writes short summaries • organizes information in a single paragraph • uses appropriate levels of language • uses appropriate mechanics (see <i>The Level Descriptions</i>, p. 32)

	Level 2	Level 3
Speaking and Listening	• uses a range of familiar vocabulary to organize, link, and clarify ideas when speaking • presents ideas clearly in a coherent order • uses basic strategies to check and increase understanding • retells information	• uses a wider range of vocabulary • makes a case to a familiar person • speaks clearly in a focused and organized way • provides specific information • takes notes

Unit B

Activity 4

Getting Addresses over the Phone

To the Teacher:

This activity consists of a table of Canadian cities and provinces to be scanned, with corresponding addresses to be given orally and written down accurately.

Students work in pairs; one acts as a taxpayer and the other as a CCRA staff person. To the taxpayer, give the pages called Taxpayer A, and these instructions:

Imagine that you've finished filling out your tax return, but you can't find the envelope that came with it -- the one you're supposed to mail it in. Don't worry, you can mail it in any envelope that fits. But you need to know where to send it. In this activity, you will pretend to call CCRA to get the address of the tax centre you should mail your return to. Someone in your class will act as the CCRA staff person who will give you the address. He or she will ask you where you live, because where you live determines where you send your return. Write the address he or she gives you on the envelope on this page. Make sure you get all the right spellings and the right postal code.

To the CCRA staff person, give the paper called CCRA Staff Person and these instructions:

Imagine that you work for CCRA. Part of your job is to answer phone calls from people who want to know where to send their tax returns. Someone in your class will pretend to phone you to find out where to send his or her return. Look on your paper to find out which address to give him or her. To make sure the taxpayer gets the correct spellings and the correct postal code, repeat the address as often as needed.

You might have only two students do this activity, or you might have the whole class doing it, in which case the taxpayer-CCRA staff person pairs

could change after every call. Learners can switch roles (CCRA staff people becoming taxpayers and vice versa); for this purpose, we have created Taxpayer B pages, with different profiles.

We recommend that you go through one or two "calls" with the students before they begin to work on their own. The taxpayer can start the call by saying "ring, ring". Encourage learners to greet and say goodbye to each other as they would if this were a real phone conversation. We recommend that you visit them during the activity, to ask about strategies they may have developed to make the "calls" more efficient (see "Items that might come up", below), and to answer questions they may have.

The taxpayer pages set up eight phone requests. This is intentionally a lot, so that students can refine their banter and strategies for confirming that the addresses are correct, and the CCRA staff person can practice scanning the list of cities to become faster at it. If you think this is too much practice, then simply don't give out the last one or two pages. Or, do give out all of the pages, and if the students say there is too much repetition, then talk about it. You might discuss the monotony of having to answer similar phone requests over and over, and how a person who does that as part of their job might welcome a system of recorded messages.

Items that might come up:

- For some letters it helps to say, for example, "p as in potato," or "S as in Saturday."
- Is it better to write the full name of the province or the abbreviation?
- The caller can repeat the whole address at the end to confirm that he/she has it right.
- To find a place name quickly, the CCRA staff person can look in the list for just its first letter.
- Why don't the tax centres have street addresses?
- Are the accents on French place names important in an address?

- Why do we put return addresses? (the long boxes on the envelopes represent return addresses, which aren't part of this activity because we felt it would be too repetitive)
- Why is there no tax centre in Toronto, which is the city with the most people?
- Why are the tax centres where they are? It might be interesting to use an atlas to locate the tax centres.
- Why do people in Peterborough send their returns to Newfoundland? (and other oddities in the list)
- This activity requires us to imagine that the taxpayer can phone a number and speak to a real person to get the addresses, rather than negotiate an automatic message system, which may not be realistic. It's an accommodation that is necessary to make a real-life task into a classroom learning activity. After the learners complete the activity, you might ask them to compare this way of doing things to using a recorded message system. The "taxpayers" may have different opinions from the "CCRA staff people".
- Learners can get the addresses from the Internet instead, if that is more suited to them:
www.ccra-adrc.gc.ca/tax/individuals/faq/t1filingaddress-e.html.

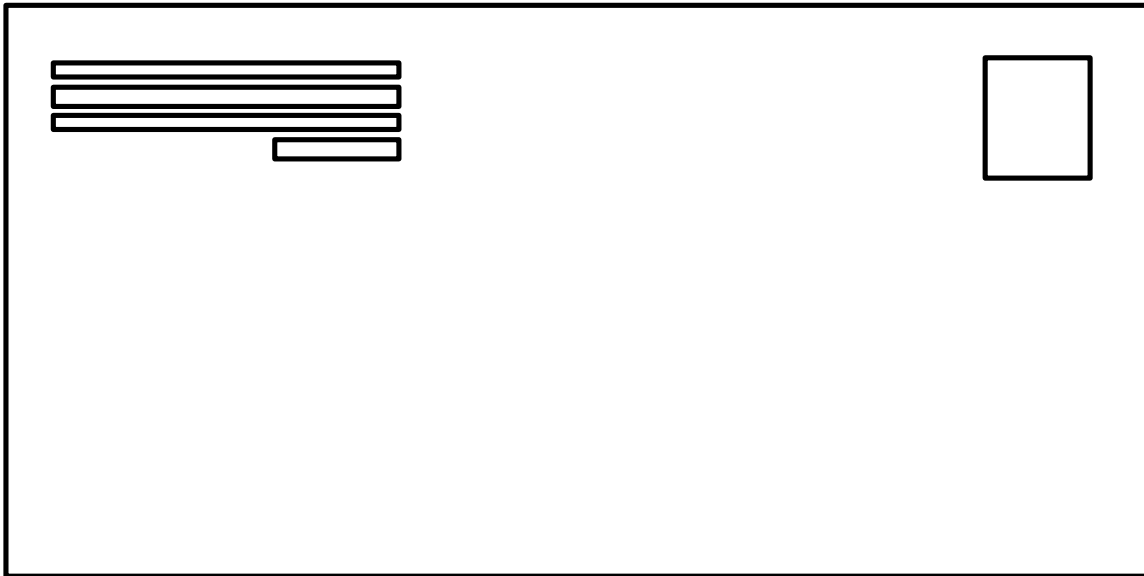
After the activity sheets, you will find an answer sheet, two demonstrations, assessment sheets, and a list of performance indicators.

CCRA Staff Person

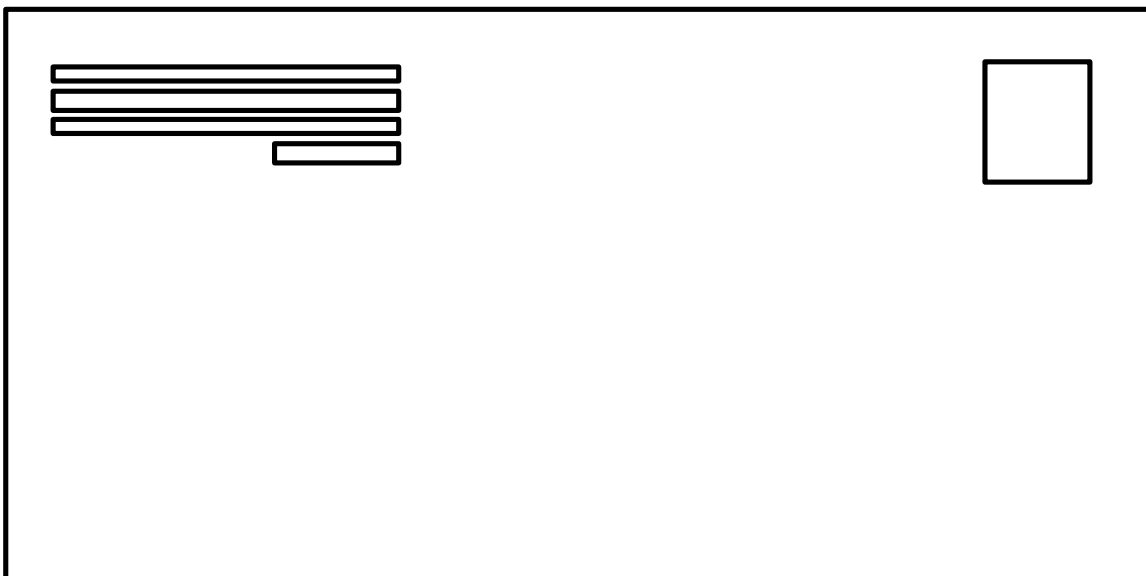
People who live in:	Send their returns to:
British Columbia, Yukon and Regina	Tax Centre Surrey BC V3T 5E6
Alberta, Manitoba, Northwest Territories, London, Saskatoon, Thunder Bay and Windsor	Tax Centre Winnipeg MB R3C 3M2
Toronto Centre, Toronto East, Toronto North, Toronto West, and Sudbury (the area of Sudbury/Nickel Belt only)	Tax Services Office Sudbury ON P3A 5C1
Laval, Montréal, Ottawa, Rouyn-Noranda, Sherbrooke and Sudbury (other than the area of Sudbury/Nickel Belt)	Tax Centre Shawinigan-Sud QC G9N 7S6
Chicoutimi, Montérégie-Rive-Sud, Outaouais, Québec City, Rimouski, and Trois-Rivières	Tax Centre Jonquière QC G7S 5J1
New Brunswick, Newfoundland and Labrador, Nova Scotia, Kingston, Peterborough and St. Catharines	Tax Centre St. John's NL A1B 3Z1
Prince Edward Island, Belleville, Hamilton and Kitchener/Waterloo	Tax Centre Summerside PE C1N 6E8

Taxpayer A

1. Pretend you live in Québec City. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

A rectangular envelope template with a black border. In the top-left corner, there are four horizontal lines of varying lengths, with a small rectangular box below them, intended for an address. In the top-right corner, there is a square box intended for a postage stamp. The envelope is set against a light gray background with a darker gray shadow on the right and bottom.

2. Pretend you live in Toronto. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

A rectangular envelope template identical to the one above, with a black border, address lines in the top-left, and a stamp box in the top-right. It is set against a light gray background with a darker gray shadow on the right and bottom.

Taxpayer A

3. Pretend you live in Manitoba. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

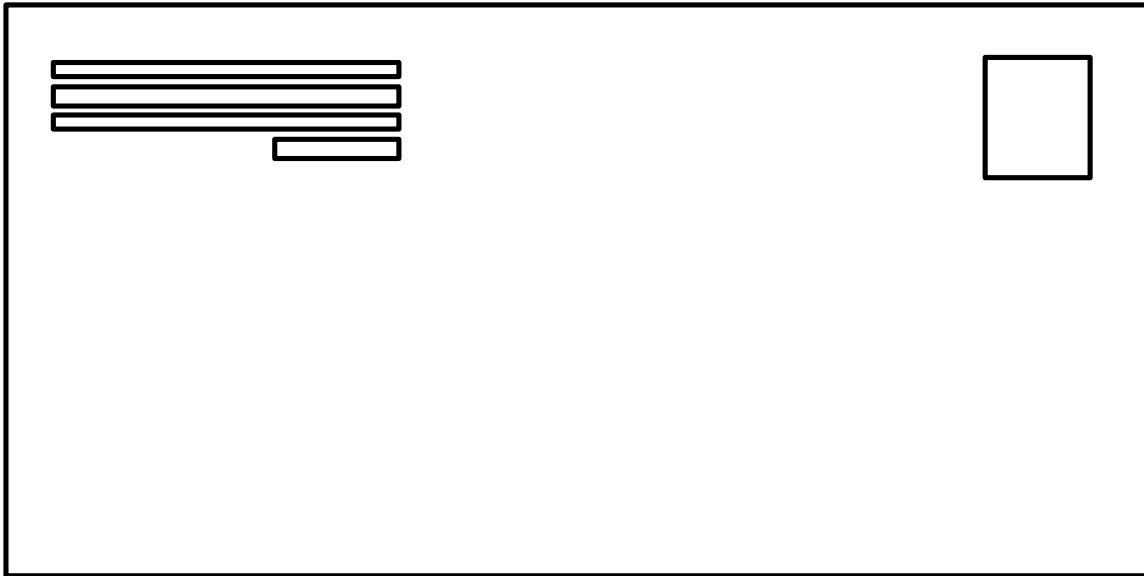
The envelope template consists of a large rectangular box. In the top-left corner, there is a return address field represented by four horizontal lines of varying lengths, with a small rectangular box at the end of the third line. In the top-right corner, there is a square box intended for a postage stamp.

4. Pretend you live in Montréal. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

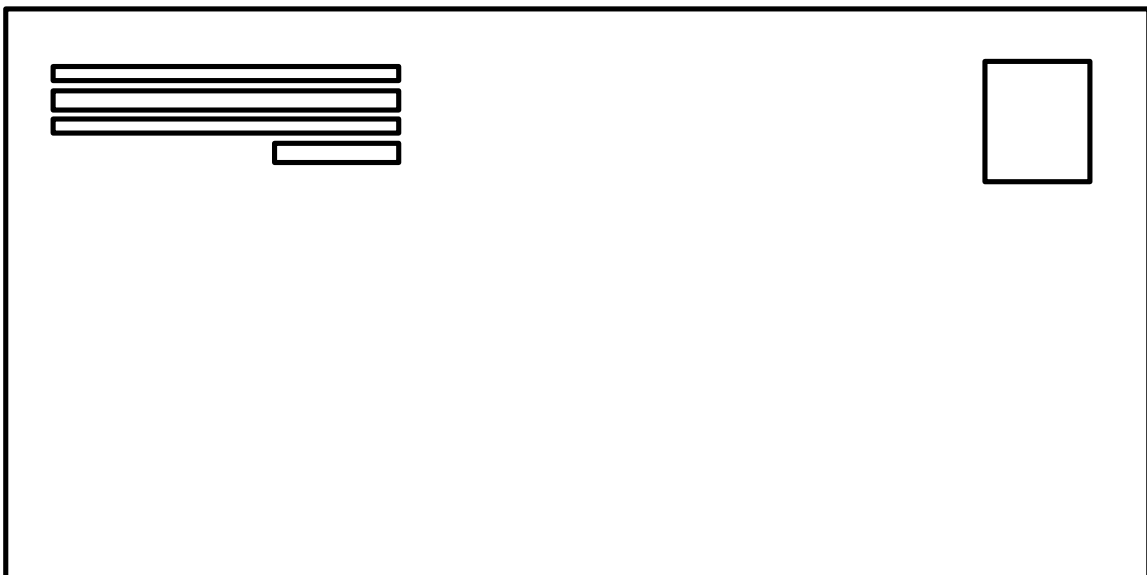
This envelope template is identical to the one above. It features a return address field in the top-left corner, composed of four horizontal lines of varying lengths and a small rectangular box at the end of the third line. A square box for a postage stamp is located in the top-right corner.

Taxpayer A

5. Pretend you live in Nova Scotia. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

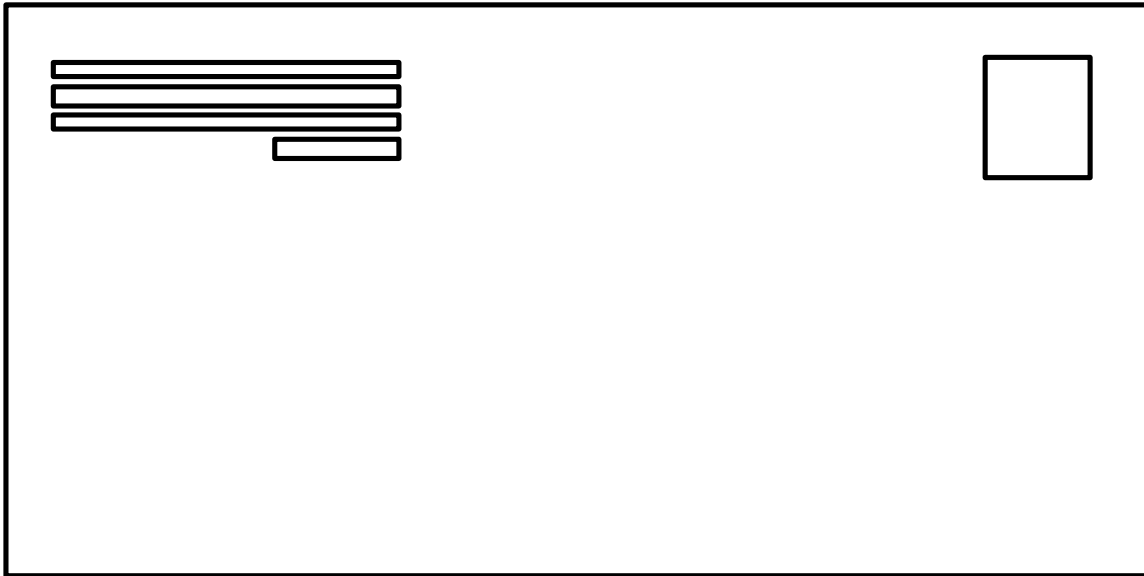
A rectangular envelope template with a black border. In the top-left corner, there are four horizontal lines of varying lengths, with a small rectangular box at the end of the bottom line. In the top-right corner, there is a square box for a postage stamp. The envelope is set against a light gray background.

6. Pretend you live in Belleville. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

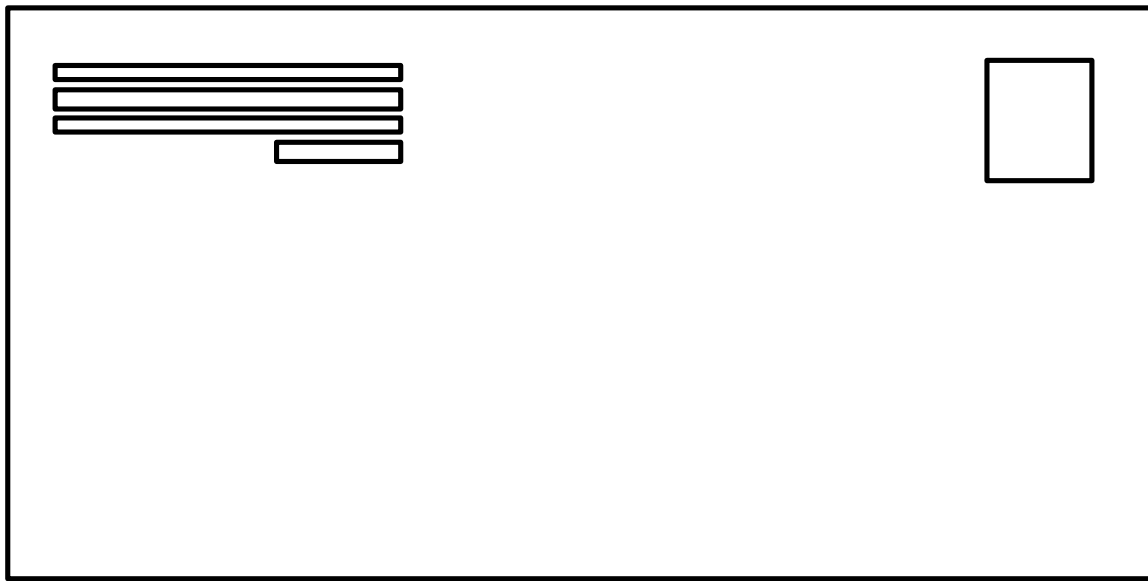
A rectangular envelope template with a black border. In the top-left corner, there are four horizontal lines of varying lengths, with a small rectangular box at the end of the bottom line. In the top-right corner, there is a square box for a postage stamp. The envelope is set against a light gray background.

Taxpayer A

7. Pretend you live in Thunder Bay. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

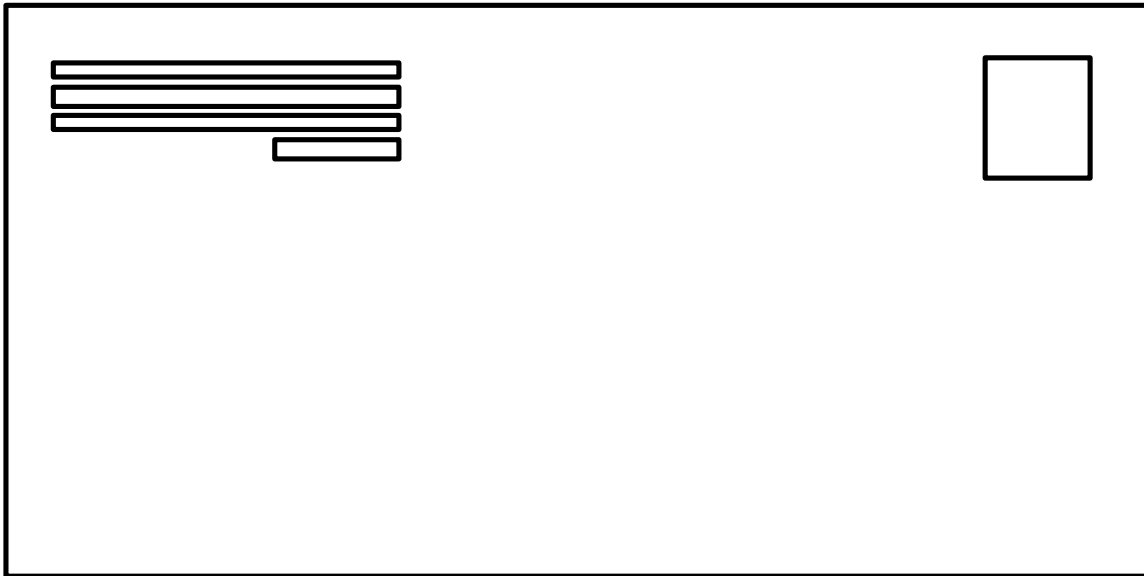
A rectangular envelope template with a thick black border. In the top-left corner, there are four horizontal lines of varying lengths, with a small rectangular box below them, intended for an address. In the top-right corner, there is a square box intended for a stamp. The envelope is set against a light gray background with a darker gray shadow at the bottom.

8. Pretend you live in Vancouver. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

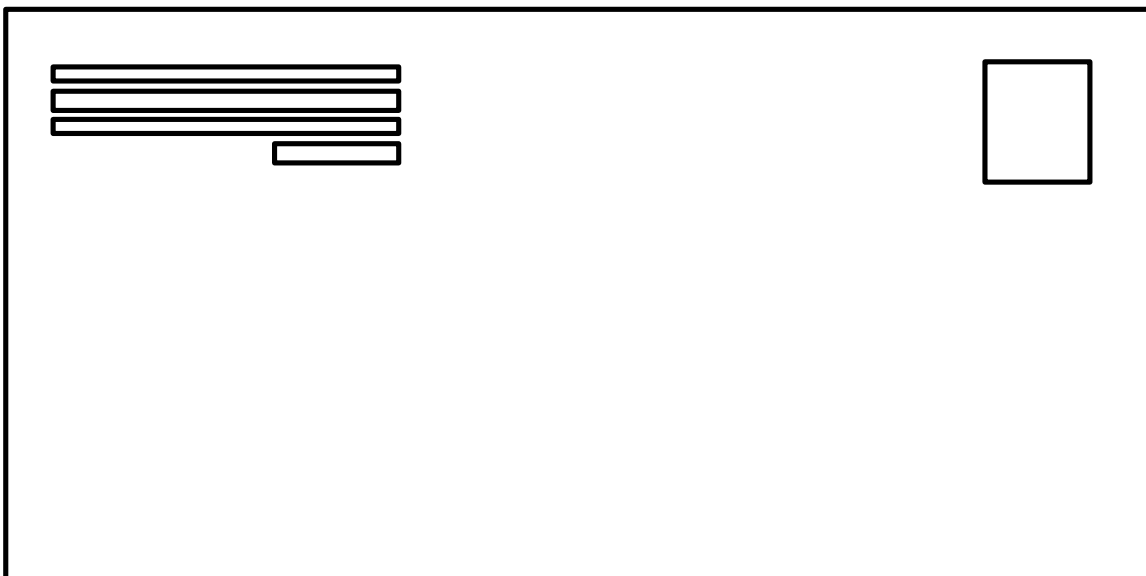
A rectangular envelope template identical to the one above, with a thick black border, address lines in the top-left, and a stamp box in the top-right. It is set against a light gray background with a darker gray shadow at the bottom.

Taxpayer B

1. Pretend you live in Peterborough. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

A rectangular envelope template with a black border. In the top-left corner, there are five horizontal lines of varying lengths, representing an address. In the top-right corner, there is a small square box, likely for a postage stamp. The envelope is set against a light gray background.

2. Pretend you live in the Northwest Territories. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

A rectangular envelope template with a black border. In the top-left corner, there are five horizontal lines of varying lengths, representing an address. In the top-right corner, there is a small square box, likely for a postage stamp. The envelope is set against a light gray background.

Taxpayer B

3. Pretend you live in Sherbrooke. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

The envelope template consists of a large rectangular box. In the top-left corner, there is a return address field with four horizontal lines for the address and a shorter line for the city and province. In the top-right corner, there is a square box for a postage stamp.

4. Pretend you live in Regina. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below..

The envelope template consists of a large rectangular box. In the top-left corner, there is a return address field with four horizontal lines for the address and a shorter line for the city and province. In the top-right corner, there is a square box for a postage stamp.

Taxpayer B

5. Pretend you live in Rimouski. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

The envelope template consists of a large rectangular box. In the top-left corner, there is a return address field represented by four horizontal lines of varying lengths, with a small rectangular box below them for a city or province. In the top-right corner, there is a square box intended for a postage stamp.

6. Pretend you live on Prince Edward Island. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

This envelope template is identical to the one above. It features a return address field in the top-left corner, composed of four horizontal lines and a small box below them, and a square postage stamp box in the top-right corner.

Taxpayer B

7. Pretend you live in New Brunswick. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

The envelope template consists of a large rectangular box. In the top-left corner, there is a return address field represented by four horizontal lines of varying lengths, with a small rectangular box below them for a zip code. In the top-right corner, there is a square box intended for a postage stamp.

8. Pretend you live in British Columbia. Call CCRA to find out the address you should mail your tax return to. Write the address on the envelope below.

This envelope template is identical to the one above. It features a return address field in the top-left corner, composed of four horizontal lines and a small zip code box, and a square postage stamp box in the top-right corner.

Answers

Taxpayer A:

1. Tax Centre
Jonquière QC
G7S 5J1
2. Tax Services Office
Sudbury ON
P3A 5C1
3. Tax Centre
Winnipeg MB
R3C 3M2
4. Tax Centre
Shawinigan-Sud QC
G9N 7S6
5. Tax Centre
St. John's NL
A1B 3Z1
6. Tax Centre
Summerside PE
C1N 6E8
7. Tax Centre
Winnipeg MB
R3C 3M2
8. Tax Centre
Surrey BC
V3T 5E6

Demonstration

A: Tax Centre
St. John's NL
A1B 3Z1

Taxpayer B:

1. Tax Centre
St. John's NL
A1B 3Z1
2. Tax Centre
Winnipeg MB
R3C 3M2
3. Tax Centre
Shawinigan-Sud QC
G9N 7S6
4. Tax Centre
Surrey BC
V3T 5E6
5. Tax Centre
Jonquière QC
G7S 5J1
6. Tax Centre
Summerside PE
C1N 6E8
7. Tax Centre
St. John's NL
A1B 3Z1
8. Tax Centre
Surrey BC
V3T 5E6

Demonstration

B: Tax Centre
Summerside PE
C1N 6E8

Demonstration A

Imagine that you live in Newfoundland, and you have lost the envelope that you are supposed to mail your tax return in. Pretend to phone CCRA to find out the address of the tax centre that you have to send it to. Write the address on the envelope below.

The image shows a blank envelope template. On the top left, there are four horizontal lines for a return address, with a smaller rectangular box below them. On the top right, there is a square box for a postage stamp. The envelope is set against a grey background.

Demonstration B

Imagine that you live in Hamilton, and you have lost the envelope that you are supposed to mail your tax return in. Pretend to phone CCRA to find out the address of the tax centre that you have to send it to. Write the address on the envelope below.

The diagram shows a rectangular envelope. On the top left, there is a return address area consisting of four horizontal lines of varying lengths, with the shortest line on the right. On the top right, there is a square box intended for a postage stamp. The envelope is set against a grey background that represents a surface.

Taxpayer's Self-assessment

1. Did you spell the words in the address correctly?

2. Did you write capital letters where they should be?

3. What did you do when you weren't sure how to spell part of the address?

4. What did you do when you couldn't understand what the other person was saying?

5. What did you do to check that you had the address correct?

6. Were you polite?

7. Are you better at getting an address over the phone now than you were before you did this activity?

8. What did you learn from this activity?

CCRA Staff Person's Self-assessment

1. Did you give the address of the right tax centre?

2. Did you help the taxpayer to spell everything correctly?

3. Did you help the taxpayer to write capital letters where they should be?

4. What did you do to check that the taxpayer had the address correct?

5. Were you polite?

6. Are you better at giving an address over the phone now than you were before you did this activity?

7. What did you learn from this activity?

Performance Indicators

	Level 2	Level 3
Reading (CCRA Staff Person)	uses phonics and knowledge of word parts to decode more easily	- scans to find specific information - gathers information from graphs and tables - text has some unfamiliar vocabulary
Writing (Taxpayer)	- uses capital letters for proper nouns - uses common abbreviations	completes forms requiring non-personal information
Speaking and Listening (Both)	- uses interaction strategies such as opening and closing conversations, asking questions, and allowing others to speak and waiting for his-her turn - works to repair misunderstandings in communication (for example, asks for repetition or clarification) - uses basic strategies to check and increase understanding	- speaks clearly in a focused and organized way when presenting information - provides detailed information or instructions to familiar and unfamiliar individuals - explores strategies for communicating with others in a variety of situations (how to get the information/response that you need in different situations) - repairs misunderstandings in communication to keep discussion going - uses strategies to check and increase understanding

Unit C

The Main Tax Return Forms

We have created several activities to acquaint students with the main forms used to file a tax return. The performance indicators for Activities 2 to 5 are similar; therefore they appear together at the end of the unit.

1. Before You Start – page 82

a one-page reading and a short self-management exercise

2. The T1 and Schedule 1 (a, b and c) – page 86

simplified versions of these documents, and information to support activities in this unit

3. Non-refundable Credits – page 127

information about the non-refundable credits that can be used to reduce the amount of income tax to be paid

4. The Guide – 143

simplified version of the Guide for taxpayers issued by CCRA

5. Provincial Credits – page 151

Simplified version of the form used to claim provincial credits (students usually get money back with this one)

Unit C

Activity 1

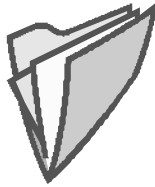
Before You Start

To the Teacher:

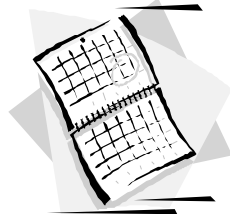
This activity consists of a one-page reading and a short self-management exercise.

Students read a short article that suggests ways to get set up so that income tax time is not stressful, and then they compare the recommended actions to their own habits.

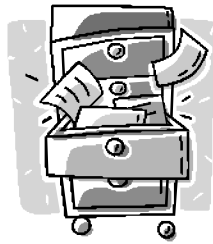
Before you start...



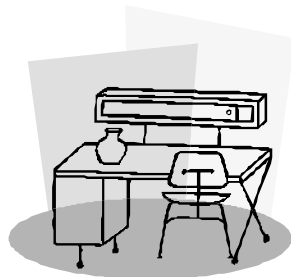
Make a file folder called **Income Tax**, and put it in a handy, safe place. During the year, put anything related to income tax into this folder.



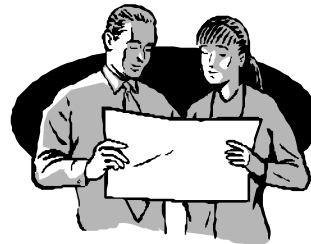
Leave yourself a lot of time.



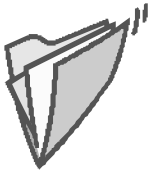
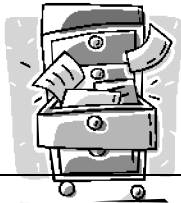
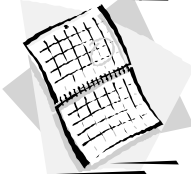
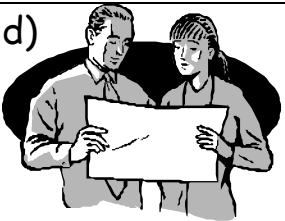
Keep your tax return from last year where you can find it.



Set up a place where you can spread out your papers and leave them for a few days.



Find good help.

a) 	Make a file folder called Income Tax, and put it in a handy, safe place. During the year, put anything related to income tax into this folder.	Do you do this? ☐ Yes ☐ No	Comments
b) 	Keep your tax return from last year where you can find it.	Do you do this? ☐ Yes ☐ No	Comments
c) 	Leave yourself a lot of time.	Do you do this? ☐ Yes ☐ No	Comments
d) 	Find good help.	Do you do this? ☐ Yes ☐ No	Comments
e) 	Set up a place where you can spread out your papers and leave them for a few days.	Do you do this? ☐ Yes ☐ No	Comments

Before You Start

Performance Indicators

Level 2

Reading

- Reads text: one page of short paragraphs
 - Text is familiar, with everyday content and personal and/or general relevance
 - Text has concrete information in familiar, concrete wording
 - Uses personal experience to gather meaning from the text
 - Uses pictures and illustrations to gather information from the text
 - Begins to consider ideas from reading in development of own opinions
 - expresses thoughts and feelings about ideas in piece of writing
-

Unit C
Activity 2
(a,b,c)

The T1 and Schedule 1

To the Teacher:

The first part of this activity (2a) is to be read for information. We found that certain questions kept recurring when we talked to students about paying taxes. The material here could be used as a reading exercise, and we have found that most reading exercises lead to discussions in class. It could, thus, be used to start a discussion about taxation. You might also use the material for a mini-research activity. The text could be given to the students to read for themselves first. They could then be asked to find the answers to various questions. For example, What is the difference between total income and taxable income? If I am a sole support parent, can I claim anything for my kids? The information given here is important, but it doesn't really lend itself to a real-world activity. It may be thought of as an information document.

The second part of this activity (2b and 2c) includes a simplified T1 as well as a simplified Schedule 1. Our simplified documents retain the sections most commonly applicable to the LBS students with whom we held focus groups.

Activity 2a: Things you may need to know to do your income tax

When we talked to people about doing their taxes, we found that there were a number of questions about the forms that kept coming up again and again. In the section that follows, we look at these questions and give the answers. We hope that this will help you to understand what you need to do when you fill in a tax form.

What is the T1 form?

The T1 (General) - to give it its full title - is the form you have to fill in and send to CCRA to tell them how much you earned, how much tax you think you should pay, whether you should get money back or whether you owe money on your income tax. It is also the form you have to send in if you want to receive the GST credit or the Canadian Child Tax Benefit (CCTB).

Where can I get a T1 form?

If you paid income tax in other years, CCRA probably sent you forms for this year. However, if you have moved, the forms may not get to you, or if this is your first time of sending in a tax return, you won't have the forms. If you don't have the forms, you can get them from any post office. You can also get them from CCRA offices in your area.

Is this the only tax form I have to fill in?

No. You have to fill in a T1, but you also have to fill out Schedule 1 to work out your federal tax and an ON428 form to work out your Ontario tax.

What is this Schedule 1?

When we are talking about income tax, a **schedule** is just one of a set of special **forms**. Schedule 1 is where you work out your federal tax

and your federal non-refundable tax credits. If you have investment income - even interest on your savings, you have to fill out Schedule 4. If you want to claim for an eligible dependant, you have to fill out Schedule 5. If you have made donations to charities and you want to claim a credit for these, you have to fill out Schedule 9.

There are a number of other Schedules, but these are the ones most people need to use. They are included with your T1 General package.

What do they mean by taxable income?

Your taxable income is the amount of money that your income tax is calculated on.

What other sorts of income are there?

Good question. First of all, there is your **total income**.

Your **total income** is all the money you have been paid in a year. It includes employment income (if you were working), social assistance payments, pension income, bank interest, and a few other items. You have to declare all these amounts on your T1.

You don't have to declare lottery winnings or most gifts. Of course, if you invest your winnings, you have to pay tax on the money you make.

You enter your **total income** on Line 150 in the T1 return.

Total income - all the money you made in a year

Next, there is your **net income**.

Your net income is your total income minus some allowable deductions.

You are generally allowed to deduct any RRSP contributions you made. You can also deduct child care expenses if you pay someone to look after your child while you go to work or to school. If you had to move to a new place to get a job, you can deduct your moving expenses.

There are other deductions, but these are the most common ones.

You enter your **net income** on line 236 of your T1 form.

Net income - your total income minus some allowable deductions

The third sort of income is **taxable income** - the amount you pay income tax on. For most people in upgrading programs, if you are working, your taxable income is likely to be the same as your net income. Although you are allowed to deduct some items from your net income to reduce your taxable income, these usually only concern people with a lot more money who have stocks and shares or who have made capital gains or losses.

If you are not employed but did receive social assistance payments, you do have to fill in a line in this section. You will have already entered the amount you got for social assistance on line 145. You can now enter this same amount on line 250. This cancels out the amount you entered on line 145. You will likely not have to pay any income tax.

You enter your **taxable income** on line 260.

Total income - all the money you made during the year (Line 150)

Net income – your **total income** minus any allowable deductions (Line 236)

Taxable income – your **net income** minus any special deductions (Line 260)

Why did I enter an amount on line 145 if I just take it out again on line 250?

Although you may not have to pay any income tax, you have to fill out a tax return if you want to get the GST Credit or the CCTB. Your social assistance payments are not taxable, but they are used by CCRA to work out how much GST Credit and CCTB you will get.

How do I find out how much tax I have to pay?

To work out how much tax you pay on your taxable income, you have to complete Schedule 1 for your federal tax and the ON428 for your Ontario tax.

What is a non-refundable tax credit?

The government allows you to claim certain credits which help to reduce the amount of tax you have to pay. These tax credits are non-refundable. You can use these credits to reduce to zero the amount of tax you have to pay. However, if your tax credits are bigger than the tax you had to pay, that's just too bad. You can't keep them for next year. If you have \$1200 of federal and provincial non-refundable tax credits and have to pay \$1000 of income tax, the non-refundable credits will reduce your tax to zero, but the extra \$200 worth of credits disappears. This amount can't be carried over or refunded to you.

What sort of things can I claim to get these tax credits?

Everyone can claim a basic personal amount. If you are married or have a common law partner, you may be able to claim an allowance for that person. If you have an eligible dependant, you may be able to claim an amount for this. If you have medical expenses, you may be able to claim an amount for this. When you have worked out how much all these amounts come to, then you have to add them all together. Next, you have to find what 16% of the total is. (The percentage may change from year to year.) This is what you can claim as a federal non-refundable tax credit.

What is an eligible dependant amount?

This used to be called the Equivalent-to-Spouse amount. If you were a single parent, you couldn't claim a spousal amount. Instead you were allowed to claim one of your children as an equivalent-to-spouse. This didn't really make sense. Your child isn't the equivalent to your spouse. In 2002, CCRA changed this to the Eligible Dependant Amount.

What about the donations credit?

To encourage Canadians to give to good causes, the government allows us to use some of the money we give to gain a tax credit. You have to keep the receipts and you can usually only claim for amounts you give to a Canadian organization. People often come to the door asking for money for a good cause. If you decide to give money, make sure you get a receipt so you can have a credit to set against your income tax.

Can I claim medical expenses?

Not all of them. The government feels that it is reasonable to expect us to pay 3% of our income towards medical expenses. If you had to pay more than that, you can include the extra amount in your non-refundable tax credit calculations. You can claim a wide variety of medical expenses from drugs to dentures. Check the CCRA Guide to see just what you can claim as a medical expense.

What do I do now that I have worked out my non-refundable tax credits?

You subtract the amount of your non-refundable tax credits from the amount of federal tax you worked out on Schedule 1. This amount is the federal tax you have to pay.

When you have done that, you go to page 4 of your T1 General and subtract the amount of tax you have already paid from the amount you have to pay.

There are three possibilities here.

- 1) the amount you owe is the amount you have paid. You really owe nothing.
- 2) the amount you owe is more than the tax you have already paid, so you have to send a cheque to the government for the amount you still owe.
- 3) The best one is this one. The amount you have already paid is more than the amount you had to pay. The government will send you a cheque for the balance. This is what people mean when they say they got a tax refund. A tax refund is not the same as a GST credit or a CCTB payment. Anyone might get a tax refund. Only people with low or modest incomes or several children will get a GST credit or CCTB cheque.

Total income - all the money you made during the year (Line 150)

Net income – your **total income** minus any allowable deductions (Line 236)

Taxable income – your **net income** minus any special deductions (Line 260)

Unit C

Activity 2 b

The T1 (General)

To the Teacher:

In this next section we introduce the students to the T1 (General) tax form. You should give each student a copy of the simplified T1 and, in addition, a copy of the actual T1 General form as they will be asked to compare the simplified one to the actual one. You might wish to make obtaining the actual tax forms an activity for the students. If they don't have a T1 General form, they can obtain one from their local postal outlet. You could also photocopy an actual form. The forms can also be downloaded from the CCRA website. (www.ccr.gc.ca)

In order to complete page 4 of the T1, taxpayers have to fill out Schedule 1, so this activity only covers filling out the first three pages of the T1. The students return to their T1 when they have worked on [Activity 2c](#) - filling out Schedule 1.

Our Simplified T1 GENERAL 2002

Income Tax and Benefit Return

Identification

First name: _____

Last name: _____

Address: _____

Information about you

Your Social Insurance Number:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Your Date of Birth:

Year			Month		Day

Your Marital Status on December 31:

☐ Married	☐ Living Common Law	☐ Widowed
☐ Divorced	☐ Separated	☐ Single

Information about your spouse or common-law partner (if you have one)

His or her SIN:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

His or her first name: _____

His or her net income for 2002: _____

Elections Canada

May the Canada Customs and Revenue Agency to give your name, address and date of birth to Elections Canada for the National Register of Electors?

Yes ☐

No ☐

GST/HST credit application

Are you applying for the GST/HST credit?

Yes ☐

No ☐

Please answer the following question

Did you own foreign property last year with a total cost of more than \$100,000 Canadian?

Yes ☐

No ☐

Total income

Employment income	box 14 on T4 slips	101				
Old Age Security pension	box 18 on T4A(OAS) slip	113				
Canada or Quebec Pension Plan benefits	box 20 on T4A(P) slip	114				
Employment Insurance and other benefits	box 14 on T4E slip	119				
Interest income	see the guide	121				
Rental income	Net	126				
Support payments	Taxable amount	128				
Self-employment income	Net	135				
Workers' compensation	box 10 on T5007 slip	144				
Social assistance payments	box 11 of T5007 slip	145				
Add all the lines from 101 to 145 and write the total on line 150.						
This is your total income :		150				

Attach your completed Schedule 1 and Form 428 here. Also attach here any other schedules, information slips, forms, receipts and other documents that you need to include with your return.

Net income

Enter your total income from line 150		150	
Registered pension plan deduction	box 20 on T4 slips and box 32 on T4A slips	207	
RRSP deduction	see the guide	208	
Union or professional dues	box 44 on T4 slips	212	
Child care expenses	complete form T778	214	
Moving expenses	see the guide	219	
Support payments made	allowable deduction	220	
Add all the lines from 207 to 220 and write the total on line 233.			
Total deductions:		233	

Subtract line 233 from line 150 and write the answer on line 236.

This is your **net income**:

236

Taxable income

Other payments deduction	If you reported something on line 145, then report it on line 250 also.	250	
	If you live in northern Canada, you may be able to claim a deduction here.	255	

Subtract line 250 or line 255 from line 236 and write the answer on line 260.

This is your taxable income:

260

You use your taxable income to calculate your federal non-refundable tax credits and your federal tax on Schedule 1. You also use your taxable income to calculate your provincial non-refundable tax credits and provincial tax on form ON428.

Refund or Balance owing

Federal tax	line 19 from Schedule 1	420					
Provincial tax	complete form 428	428					
Add lines 420 and 428, and write the total on line 435.							
This is how much income tax you must pay:		435					

Total income tax deducted	from all information slips	437					
Provincial tax credits	see the guide	479					
Add lines 437 and 479, and write the total on line 482.							
This is how much income tax you have already paid:		482					

Compare line 435 and line 482. Check the small box below that applies to you:

? Line 435 and line 482 are equal. You have already paid exactly the right amount of income tax. You do not have to send a cheque, and the government will not send you a refund.	? Line 482 is more than 435. You have a refund. You have paid more income tax than you had to, so the government owes you money. What is the difference between line 435 and line 482? Write it on line 484. 484 The government will send you a cheque for this amount.	? Line 482 is less than 435. You have a balance owing. You haven't paid enough income tax yet, so you must send a cheque. What is the difference between line 435 and line 482? Write it on line 485. 485 Please send a cheque for this amount.
---	--	--

I certify that the information in this return is correct and complete.

Sign here: _____

Telephone: () _____ Date: _____

Activity 2 b: THE T1 GENERAL

Now you are ready to take a look at the simplified T1 General Form that your teacher has given you. The T1 General is the official name for your tax return. It has four pages. We will go through them one by one, looking at the lines that are likely to concern you. You will then be able to compare our simplified version with the real T1. When you do this, you will see that even though there are lots and lots of things to fill in on the T1 General, most of them won't interest you. Many of you will have a very simple tax situation. You may even be able to complete your own tax return. Of course, if you aren't confident you can do this, you can still get someone to help you. However, now you'll understand the process much better.

As you work through the simplified forms, you will sometimes see that there is a note that says "see the guide." We will go through all the pages of the T1 General form and Schedule 1, and then we can look at the guide. If you were really filling out your tax forms you would work with the forms and the guide side by side. If you wanted a bit more information about what to put on a particular line, you could look in the guide for an explanation. The guide goes through the forms line by line, so it's easy to find what you want. However, there is a lot of information that you wouldn't be interested in. Our simplified guide just contains the items we thought would be most useful to you.

Page 1 of the T1 General form

Go to **page 1** of our **Simplified T1 General**. Fill in the information about you and your spouse or partner (if you have one). If you don't know the information about your spouse or partner, don't worry. You are just practicing when you fill in this form. Of course, if you were really filling out a tax return, you would have to get this information too.



If you are not comfortable putting personal information on a form like this in class, you can use the information about Jennifer (or James) Brown in the box on the next page instead. You can also use this information to practice filling out other pages of the T1 General and Schedule 1.

After you have filled in all the personal information, there is a section on the form that asks if this information may be passed to Elections Canada. This information is used to make up the lists of voters for elections. (Enumerators used to come to your house every time there was an election. They don't do this now.) If you don't give permission here but do want to vote, you will be responsible for letting Elections Canada know. It is more convenient to give your permission here, but it is your choice. Put a check mark in either the Yes or No box.

The next question is about the GST/HST credit. If you believe you qualify to get the GST credit, check the Yes box. If you're wondering what HST means, it stands for Harmonized Sales Tax. In Ontario, the

GST (which is a federal tax) and the PST (a provincial tax) are shown separately when you buy something. In some other provinces, the two taxes are combined, or harmonized. Ontario has an 8% PST tax and an 7% GST. If we had an HST instead, it would be 15%, combining the 8% and the 7% taxes.

This is all you have to fill in on page 1. As you can see, page 1 of our simplified form is quite straightforward. Page 1 of the real form is also straightforward, as you will see when we look at it later.



Jennifer (or James) Brown lives at 93 Main Street, Newtown, Ontario. The postal code there is L3B 9S4. She (or he) has been living there for 1 year. He (or she) pays \$800 a month in rent to Mr. & Mrs. Smith at 8585 John Street, Mississauga, Ontario L3L 1X1. Ms. or Mr. Brown's SIN number is 462 103 397. His or her date of birth is October 15, 1967. To make things simple, we'll say that Jennifer (or James) is single. Jennifer (or James) wants to be included on Elections Canada's National Register of Electors and he (or she) has only a modest income so wants to apply for the GST/HST Credit. Jennifer (or James) has no foreign property, and has no savings income.



Page 2 of the T1 General form

Now you are ready to go to **page 2** of our **Simplified T1 General** form.



At the top of the page, there is a question for you to answer. You are asked if you owned foreign property worth more than \$100,000. You should put a check mark in the Yes or No box. If you are asked a Yes/No question, don't ignore it. Put a check mark in the box that applies to you.

The next section is where you enter your total income. You won't have to fill in all the lines on page 2, so let's take a look and see just which ones will interest you.

How many of the items listed here apply to you? Give the line number or numbers. _____

Which line do you use to enter how much you earned if you were working, even if it was only part-time? _____
Circle the number on the form.

Which lines do you use if you receive a government pension? _____
Circle the number on the form.

Which line do you use if you receive Ontario Works payments? _____
Circle this number on the form.

If you have lost your job, there are two lines where you might have to enter something.

If you were laid off, which line might you enter something on? _____
If you were hurt on the job, which line might you enter something on?

Circle these two line numbers on the form.

If you are working, you will need your T4 to fill in this section. Let's look at a T4 slip first to see just what information it gives you.

On the next page, we have printed a T4 slip for Jennifer Brown. You may have used her information to fill out page 1 of our simplified T1 General in the previous section.

Jennifer works at Walmart. Her income tax is deducted from her pay cheque. She also makes CPP and EI payments. This is information she will use when she fills out her T1 General.

Turn to Jennifer's T4 on the next page and use it to answer the following questions.

Find Box 14. How much money did Jennifer earn at Walmart? _____

Find Box 16. How much money did Jennifer contribute to CPP? _____

Find Box 18. How much money did Jennifer contribute to EI? _____

Find Box 22. How much money has been deducted for income tax?

You need the T4 information when you fill out your tax forms. You use the T4 to enter information about your total income, your net income and your taxable income. Boxes 14, 16, 18 and 22 are the ones most people use for their total income, but you might use other boxes too.

When you have completed this page, turn to page 3 of our simplified return.

Insert T4 - Jennifer Brown's T4 - to be scanned in - mailed separately

Insert Page 103a - blank T4 - to be scanned in - mailed separately

Page 3 of the T1 General

On page 3 of the T1 General form, you work out what your net income for the year was, and then what your taxable income is.



Do you remember what these two types of income are? If not, look back to the box at the end of Activity 2 (a).

At the top of page 3 of our Simplified form, it says this is where you attach all the schedules, information slips, forms, receipts and other documents that you need to include with your return. If you have done as we suggested in Activity 1, you will have all of these pieces of paper in a folder called Income Tax. This saves you a lot of time and frustration when you start to do your taxes. If you have everything together that you need, filling in the T1 General is pretty straightforward.

Net income

The top half of the page is where you work out what your net income was. The first thing you have to fill in on page 3 is your total income. You will have worked this out on page 2. It goes on line 150 there, so all you have to do is to copy it from line 150 on page 2 to line 150 on page 3. It might seem a bit confusing to have line 150 on page 2 and on page 3, but it makes sense. Your total income is always on line 150, no matter which page it's on.

You remember that your net income is your total income minus some allowable deductions. Some of these deductions are ones that can be made if you are working and have expenses like child care or if you have moved to take up a job. In the real T1 General there are more than 20 lines you can fill in. In our simplified form, we have given you about half this number.

Look at the net income section on page 3 of our simplified T1 General. Could you claim any of these deductions? If you could, which lines are they on?

Circle these line numbers on the form.

If you had no deductions to take from your total income, your net income will be the same as your total income. The total of your deductions here will be zero.

Taxable income

The second part of this page is where you calculate your taxable income. At the bottom of the page, it tells you that you use your taxable income to calculate your federal income tax on Schedule 1. You also use this amount to work out your provincial tax on form ON428.

If you are working and are in an upgrading program, you probably won't claim any deductions here. This is why we didn't put many lines on our simplified form. Most of the deductions are to do with capital gains and losses and similar high finance things. On the other hand, if you are receiving social assistance payments such as Ontario Works, or qualify as a Northern resident, you will have something to fill in on line 250 or line 255.

If you reported social assistance payments on line 145, then you enter this same amount on line 250 here.

If you work in northern Canada, you may be able to claim a deduction on line 255. You can get a list of places that qualify for this from CCRA. You can also call the Info-tax service of T.I.P.S. for more information about deductions for northern residents. To claim this deduction, you will have to fill in form T2222.

The amount that's left when you deduct all the payments you are entitled to is your taxable income. This goes on line 260. If this amount is zero, you have no taxable income so you pay no tax.

Now turn to page 4 of our simplified T1 General.

Page 4 of the T1 General

Page 4 is where you work out whether you have paid just the right amount of tax, whether you will get a refund, or whether there is a balance owing,. If there is a balance owing, that means you owe money to the government. If the government owes you money because you have paid too much tax, you will get a refund.



Before you can fill out page 4, you have to go to Schedule 1 to work out your federal tax, and to form ON428 to work out your provincial tax. First though, let's review what you've learned.

You can look back over the previous pages if you aren't sure about the answers to the questions below. Answer the questions in complete sentences on a separate piece of paper.

1. What are the three income amounts you need to know before you can work out how much tax you have to pay?
2. What is the difference between a person's total income and his or her taxable income?
3. Once you have worked out what your total income is, what do you have to do to find out what your taxable income is?
4. Give three examples of money that might be included in someone's total income.
5. Give three examples of items that could be deducted, or taken away from, a person's total income to work out taxable income.
6. What is the difference between net income and taxable income? Are they always different? Always the same?

To see how much federal tax you will have to pay, you have to go to our simplified Schedule 1. However, before we do that, let's compare the real T1 General with our simplified version.

Comparing our simplified T1 General with the real T1 General

Set the two forms side by side, our simplified T1 General and CCRA's official T1 General. This will make it easy to compare the two forms.

As we mentioned earlier, page 1 of the T1 General is quite simple and straightforward. You have to fill in your personal details and mark whether you want this information to be passed to Elections Canada. You also have to show if you are applying for the GST credit or not. There are a few more details on the official form, but nothing too complicated.

Turn now to page 2 of our simplified form and compare it with page 2 of the official T1 General. This page has details of your total income. You have already listed and circled the numbers of any lines that you would have to fill in on our simplified form. Now circle the same line numbers on the official form. As we said earlier, you probably won't have to put anything on most of the lines.

Next, let's take a look at page 3 in both forms. This is where you report your net income and your taxable income. As you see, there are far more lines on the official T1 General than we gave you on our simplified version. Most of the lines on the official version won't interest you. The lines you are most likely to use are line 236 (your net income), line 250 (where you report social assistance payments from line 147), maybe line 255 (if you are a northern resident) and line 260, your taxable income. If you circled any of these lines on page 3 of the simplified T1 General, circle them again on the official one.

Before you can finish filling out your T1 General, you have to fill out Schedule 1. This is where you calculate your federal tax and your non-refundable tax credits. We will go through Schedule 1 in Activity 2 (c).

Unit C

Activity 2 c

Schedule 1

To the Teacher

Before taxpayers can fill in the last page of the T1 General, they have to fill in Schedule 1, and the provincial form ON428. These are the forms they use to work out how much tax they should pay. As with the T1 General, there are lots of lines and sections that probably won't concern students in upgrading programs but which may intimidate them just by being there on the form. We have created a simplified version of Schedule 1 that will allow them to see that there aren't very many lines that they will have to fill in. As with the T1 General, there are some calculations that have to be done, but the basic calculations are reasonably straightforward. If a student earns less than \$31,677, there is only one operation to perform - a multiplication by 16%. We have included a basic section on finding percents using a calculator with a couple of examples for practice. Even if students haven't worked with percents, they are probably familiar with the idea. Our intention here is not to teach them all about percents but rather to show them that the percents to be calculated on their tax forms are really quite straightforward, especially if they use a calculator.

Although the income amounts in the other three sections will likely be far higher than most students earn, they may find it interesting to see just how much tax a person pays who earns these larger amounts. The calculations are more complex, but you could do them as a group activity, so students weaker in math wouldn't be left out.

We have included a simplified version of the provincial form ON428. This is where you work out your provincial tax and credits. The provincial tax is worked out in much the same way as the federal tax, so we haven't provided a detailed separate activity. If you do use the form, you should point out to students that the percentages and certain amounts on the provincial form may be different from those on the federal one.

T1-2002**Federal Tax****Our Simplified Schedule 1**

Copy your taxable income from line 260 of your return onto line 1.

_____ 1

Use **one** of the sections below to calculate your income tax.

If your taxable income (on line 1 above) is \$31,677 or less, use this section.

What is 16% of your taxable income? Write the answer on line 8.

_____ 8

If your taxable income (on line 1 above) is more than \$31,677 but not more than \$63,354, use this section.

Step A

You must pay 16% of your first \$31,677 of taxable income

This is \$5,068. We have written it on line 7.

\$5,068 | 00 7

Step B

What is your taxable income minus \$31,677?

Write the answer on line 4.

_____ 4

Step C

What is 22% of the amount on line 4?

Write the answer on line 6.

_____ 6

Step D

Add line 7 and line 6. Write the answer on line 8.

This is your federal tax before non-refundable tax credits:

_____ 8

If your taxable income (on line 1 above) is more than \$63,355 but not more than \$103,000, use this section.

Step A

You must pay 16% of your first \$31,677 of taxable income, and 22% of the next \$31,677.

This is \$12,037. We have written it on line 7.

\$12,037 | 00 7

Step B

What is your taxable income minus \$63,355?

Write the answer on line 4.

_____ 4

Step C

What is 26% of the amount on line 4?

Write the answer on line 6.

_____ 6

Step D

Add line 7 and line 6. Write the answer on line 8.

This is your federal tax before non-refundable tax credits:

_____ 8

If your taxable income (on line 1 above) is more than \$103,000, use this section.

Step A

You must pay 16% of your first \$31,677 of taxable income, and 22% of the next \$31,677, and 26% of the next \$39,646. This is \$22,345. We have written it on line 7.

\$22,345 | 00 7

Step B

What is your taxable income minus \$103,000?

Write the answer on line 4.

_____ | _____ 4

Step C

What is 29% of the amount on line 4?

Write the answer on line 6.

_____ | _____ 6

Step D

Add line 7 and line 6. Write the answer on line 8.

_____ | _____ 8

This is your federal tax before non-refundable tax credits:

Federal non-refundable tax credits

Basic personal amount	claim \$7,634	300	_____	_____
Age amount	see the guide	301	_____	_____
Spouse or common-law partner amount	see the guide	303	_____	_____
Eligible dependant amount	see the guide	305	_____	_____
Canada or Quebec Pension Plan amounts	box 16 and box 17 on T4 slips	308	_____	_____
EI premiums	box 18 on T4 slips	312	_____	_____
Tuition and education amounts	see the guide	323	_____	_____
Medical expenses	see the guide	330	_____	_____
Add all the lines from 300 to 330 and write the total on line 335.		335	_____	_____
Find 16% of line 335 and write it on line 338		338	_____	_____
Donations and gifts	see the guide	349	_____	_____
Add lines 338 and 349, and write the total on line 350.			_____	_____
These are your federal non-refundable tax credits:		350	_____	_____

Net Federal Tax

Enter the amount you wrote on line 8.	8	_____	_____
Enter the amount you wrote on line 350.	350	_____	_____
Find line 8 minus line 350 and write the answer on line 19.		_____	_____
This is your net federal tax.			
Copy this amount onto line 420 of your return.	19	_____	_____

Copy your taxable income from line 260 of your T1 return onto line 1.

_____ 1

If your taxable income (on line 1 above) is \$31,893 or less, use this section.

Work out 6.05% of your taxable income. Write the answer on line 8.

_____ 8

Federal non-refundable tax credits

Basic personal amount	claim \$7,686	9		
Age amount	use provincial worksheet to work this out	10		
Spouse or common-law partner amount	claim \$7,179	11		
Eligible dependant amount	use provincial worksheet to work this out	12		
Canada Pension Plan amounts	box 16 and box 17 on T4 slips (or from line 308 of Schedule 1)	14		
EI premiums	box 18 on T4 slips (or from line 312 of Schedule 1)	16		
Tuition and education amounts	(fill out Schedule ON (S11))	23		
Medical expenses	\$1,740 or 3% of your net income, whichever is less (use provincial worksheet)	29		
Add all the lines from 9-12, 14, 16, 23 & 29 and write the total on line 30.		30		
Find 6.05% of line 30 and write it on line 32		32		
Donations and gifts (6.05% of line 345 of Schedule 9 + 11.16% of line 347 of Schedule 9)		35		
Add lines 32 and 35, and write the total on line 36.				
These are your Ontario non-refundable tax credits:		36		

Now turn over the page and go to Step 3

Step 3 - Ontario Tax

Copy your Ontario tax onto line 37 from line 8 on the first side of this form

Now copy this same amount from line 37 to line 39

Enter your Ontario non-refundable tax credits from Line 36 on the other side of this form

Take line 40 away from line 39 and enter the amount on line 53

37	
39	
- 40	
= 53	

Now go to Step 4

Step 4 – Ontario tax reduction

Basic reduction

If you had a spouse or common-law partner, **only** the one of you with the **higher net income** can claim the reductions on line 55 (dependent children) and line 56 (disabled or infirm dependent)

Reduction for dependent children under the age of 19

Number of children x \$328

Reduction for disabled or infirm dependent (see line 56 on page 4 in your Ontario forms book)

Number of disabled or infirm dependants x \$328

Add lines 54, 55 and 56

If line 57 is equal to or more than line 53, no Ontario tax is payable. Enter "0" on line 61.

Enter the amount from line 57 x 2 =

Enter the amount from line 53

Take line 59 away from line 58 (If line 59 is bigger than line 58, write "0")

Take line 53 away from line 60 (If line 53 is bigger than line 60, write "0")

+ 54	161	00
+ 55		
+ 56		
= 57		
58		
- 59		
Ontario Tax Reduction = 60		
Your Ontario Tax = 61		

Enter the amount from line 61 onto line 428 of your T1 General Return

Schedule 1 – Federal Tax

Before taxpayers can fill in page 4 of the T1 General form, they have to do some work on two other forms. These are the Schedule 1 for federal tax and form ON428 for provincial tax. You also use these forms to work out your federal and provincial non-refundable tax credits.



At first, Schedule 1 looks a bit complicated. That's why we have made a **simplified** form for you to fill out before you try the **real** Schedule 1. As with the T1 General form, there are a lot of lines that probably won't interest you. We have chosen the ones we thought you would find useful. There are two main parts that are likely to be of interest to you. The first part is where you work out the federal tax due on your taxable income. The second part is where you work out what non-refundable tax credits you can claim. This will reduce the amount of federal income tax you have to pay.

First of all, we'll go through how to work out how much tax is due on your taxable income. The first thing taxpayers have to do is to enter their taxable income amount on Schedule 1. After that, they do some calculations to see how much federal income tax they should pay on this amount. The calculations they do depend on how much their taxable income is. Even if a taxpayer has no taxable income, Schedule 1 has to be filled out. A complete return is needed for the GST credit or the CCTB.

On the real Schedule 1, the taxable income section is divided into four columns for the different income amounts. To make it easier for you, we have made the four columns into four sections instead. We have taken out

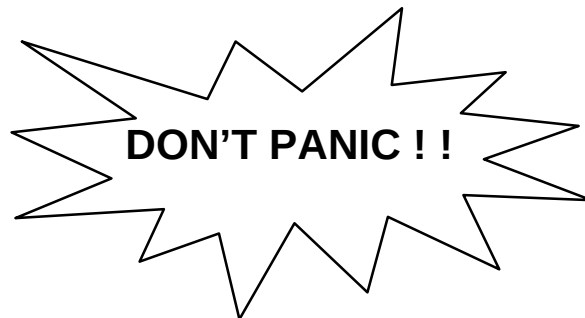
some of the lines and given you more space to write in. It's likely that only the first section of this part will concern you. Most people in upgrading programs - students and teachers alike - will have a taxable income of less than \$31,677 (2002). The other sections are for three higher levels of taxable income:

- a taxable income of more than \$31,677 but less than \$63,354
- a taxable income of more than \$63,354 but less than \$103,000
- and, finally, a taxable income of more than \$103,000

If your taxable income is less than \$31,677, there isn't very much to do. First you enter your taxable income on line 1 of Schedule 1. You have already worked this out and written it on page 3 of the T1 General, line 260. The next thing to do is to work out what 16% of your taxable income is and enter this on line 8. This is your federal income tax before you take away any of your non-refundable credits.



If you have already worked out what your taxable income is, enter it on line 1. Then calculate 16% of this amount.



Just use your calculator and multiply the amount by **.16**. (Don't forget the decimal point.)

Just in case you've never used a calculator to work out percents, let's practice using a calculator to work out some percents of amounts of money.

Using a calculator

Many calculators have a % key. However, if you can't remember how to use the percent key, or if your calculator doesn't have one, you can turn the percent into a decimal and continue from there.

When you write a percent as a decimal, you first have to imagine there is a decimal point at the end of the percent number. Then you have to move this decimal point two places to the LEFT.

- 10% becomes **.10** as a decimal (think of 10% as 10. %)
- 25% becomes **.25** as a decimal (think of 25% as 25. %)
- 16% becomes **.16** as a decimal (think of 16% as 16. %)

If you want to use a calculator to find 10% of \$250, enter 250 on the keypad. Then enter * (for 'multiply by') or **X** if that is the key your calculator uses for 'multiply by.' Then enter .10 (Don't forget the decimal point that comes before the ten.) Press =, and if you've done this right, you'll get 25 as the answer. \$25 is 10% of \$250.

Try it again, but this time, find out what 25% of \$250 is.

First, enter 250 on the calculator. Then multiply this by .25 (and don't forget the decimal).

If you did it right, you got 62.5 as the answer.

If you write 62.5 with the dollar sign, it doesn't look quite right - \$62.5. We need one more digit in the cents position. We don't have \$62 and 5 cents, we have \$62 and 50 cents - or \$62.50. When we write amounts of money, we need two digits for cents, even if the digits are zero.

What happens if you have more than 2 digits in the cents position?

Try finding 25% of \$250.19.

Enter 250.19 times .25 and if you do it right, you get 62.5475 as your answer. That's far too many digits in the cents position, so you have to round the number. You need 2 digits in the cents position in your answer. If you just took the first two, that would give you .54, but look at the next digit. If the next digit is 5 or more, you have to raise your second digit one higher. (You are already more than halfway to the next number.) The next digit is a 7. This is more than 5, so you have to raise 54 cents to 55 cents. 25% of \$250.19 is \$62.55.

Now try finding 16% of \$250.

First multiply 250 by .16 $250 \times .16 = 40$ 16% of \$250 is \$40

What is 16% of \$250.19?

First multiply 250.19 by .16 $250.19 \times .16 = 40.0304$

16% of \$250.19 is \$40.0304. The third digit is a zero, so you don't need to raise the second digit. 16% of \$250.19 is \$40.03

On the next page are a couple of examples for you to work out using amounts that people might earn.

Maria works part-time as an office cleaner and Jack works in the tuck shop of the apartment building where he lives.



1. Maria earns \$8,234 a year as a part-time office cleaner. She has no deductions so this is also her taxable income. Her federal income tax will be 16% of this amount. How much does she calculate her tax is? (Remember, you need to have two decimal digits for the cents in the answer.)

2. Jack has been working in the tuck shop in his apartment building. He works 38 hours a week and is paid \$7.73 an hour. He worked 50 weeks last year.



What is his weekly salary?

If he worked 50 weeks, how much would he get?

Since he can make no deductions, this will be Jack's taxable income. How much tax does he calculate? Find 16% of the money Jack has earned.

These are the amounts that Maria and Jack would enter on line 1 of Schedule 1.

You can do the same thing for your own income if you wish. You can enter your taxable income on line 1 of our simplified Schedule 1, and then do the calculations .

Using a calculator: Answers

1. Maria earns \$8,234 a year as a part-time office cleaner. She has no deductions so this is also her taxable income. Her federal tax will be 16% of this amount. How much does she calculate her tax is? (Remember, you need to have two decimal digits for the cents in the answer.) **(16% of \$8,234 = \$1,317.44)**

2. Jack has been working in the tuck shop in his apartment building. He works 38 hours a week and is paid \$7.73 an hour. He worked 50 weeks last year.

What is his weekly salary? **(\$293.74.)**

If he worked 50 weeks, how much would he get? **(\$14,687)**

Since he can make no deductions, this will be Jack's taxable income. How much tax does he calculate? Find 16% of the money Jack has earned.

(16% of \$14 687 = \$ 2,349.92)

What will your federal tax be?

To work out how much your federal tax is, you must know what your taxable income is. If you haven't worked this out yet, or want to keep it private, imagine you were working for the minimum wage for 40 hours a week. Use these numbers to work out your federal tax.

The minimum wage in Ontario is \$6.85 an hour.

You work 40 hours a week, so multiply that by 40. (Use your calculator if you want to.)

$$\$6.85 \times 40 = \$274.00$$

If you work 52 weeks how much will you earn?

$$\$274.00 \times 52 = \$14,248.00$$

(To keep it simple, we haven't included any vacation or holiday pay. We haven't allowed you any deductions either.)

Enter your taxable income on line 1 of our simplified Schedule 1. (In the top right hand corner.)

Work out what your tax will be if your taxable income is \$14,248.

Find 16% of \$14,248.

$$\$14,248 \times .16 = \$2,279.68$$

Enter this amount on line 8 of Schedule 1. (The first line 8 under line 1.)

That's how much tax would be calculated by someone who wasn't earning very much. Let's see how much tax some other people might calculate.

What if you had a taxable income of \$60,000 a year? Go to the section for people with a taxable income of more than \$31,677 but less than \$63,354.

Everybody calculates 16% on the first \$31,677 of taxable income. This is the amount on line 7. Each section on the schedule, except the first one, has the same numbered lines. In our simplified schedule, we are only using four of these lines - 4, 6, 7 and 8. On the real schedule, the numbers go from 2-8. On line 7 you see that 16 % of \$31,677 is \$5,068.

Next, take \$31,677 away from your taxable income. (The tax on this first amount has already been assigned. It's on line 7.)

$$\$60,000 - \$31,677 = \underline{\$28,323}$$

On this amount, you calculate 22% as tax.

Use your calculator and multiply \$28,323 by **.22**.

$$\$28,323 \times \mathbf{.22} = \$6,231.06$$

You write this amount on line 6. Then add the amounts on lines 6 and 7 and put the answer on line 8.

$$\mathbf{\$ 6,231.06} \quad (\text{line 6})$$

$$\underline{\mathbf{\$ 5,068.00}} \quad (\text{line 7})$$

$$\underline{\mathbf{\$11,299.06}} \quad (\text{line 8})$$

If you were a minimum wage earner, you calculated \$2,279.68.

If you earned \$60,000, you calculated \$11,299.06.

Everybody calculates 16% on the first \$31,677 of taxable income, but if you earn more than this, you use a higher rate to calculate the tax you have to pay on the rest of your income. This is what is meant by a progressive tax. The higher your taxable income, the higher the rate you are taxed at.

Take a look at the sections for those who earn even more than \$60,000. Work out how much tax someone would calculate who has a taxable income of \$100,000, and how much someone would calculate who made \$200,000 a year in taxable income. In each section, on line 7 you are given the amount of tax that has already been assigned, so you don't have to work that out.

With a taxable income of \$100,000 your tax works out to be \$ _____.

With a taxable income of \$200,000 your tax works out to be \$ _____.

You are probably thinking that if you earn only the minimum wage and more than \$2,000 of this has to be paid as income tax, that doesn't leave you with a lot of money to live on. Fortunately, there is one more step to go. We are allowed to deduct certain things to reduce the amount of tax we have to pay. This is what is meant by a non-refundable tax credit. You will read about these in the next section.

Answers:

If you have a taxable income of \$100,000 you calculate \$ 21,564.70 in tax.

If you have a taxable income of \$200,000 you calculate \$ 50,475.00 in tax.

Demonstration

Using the information below and the information on Jennifer's T4, fill out page 1 of our simplified Schedule 1. You don't need all the information we give you here in order to fill out Schedule 1. You may have used some of it already when you practised filling in page 1 of the T4 General in the previous activity. Some of the information is also needed to fill out the Ontario tax credits form, ON 479

Name: Jennifer Brown

Date of birth: October 15, 1967

SIN: 462 103 397

Address: 93 Main Street, Newtown, Ontario L3B 9S4

Landlord's name and address: Mr. & Mrs. Smith, 8585 John Street,
Mississauga, Ontario L3L 1X1

Marital status: Single

Jennifer gives consent for her personal information to be provided to
Elections Canada

She wants to apply for the GST credit

Jennifer has no deductions so her taxable income will be the same as her total income. You will find her total income on the T4 on the next page.

Enter her taxable income on line 1 of Schedule 1. Then work out how much federal tax she should pay on this amount.

Insert Jennifer Brown's T4 - to be scanned in - mailed separately

Demonstration Performance Indicators –

	Level 2	Level 3
Reading	• uses context cues and personal experience to gather meaning from the text • scans to find simple information • uses phonics and knowledge of word parts to decode more easily • uses conventions of formal text to find information • reads text made up of a number of short paragraphs • text is familiar with personal and/or general relevance • text has concrete information in familiar concrete wording • follows simple written instructions	• skims to understand type of text, scans to find specific information • uses various conventions of formal texts to locate and interpret information • text is within the interest of the reader with personal and/or general relevance • text has a combination of concrete and inferential meaning, some of it complex, some unfamiliar vocabulary • follows written instructions
Writing	• completes simple forms, following written instructions • uses appropriate mechanics (see <i>The Level Descriptions</i>, p 31)	• completes forms, following written instructions • uses appropriate mechanics (see <i>The Level Descriptions</i>, p. 32)
Numeracy		• performs money calculations • calculates using multi-digit whole numbers, decimals & percents

Unit C
Activity 3

Non-refundable
Tax Credits

To the Teacher:

This activity consists primarily of a reading activity. As with Activity 4, the text may be used for an exercise in skimming and scanning. You might also use it for a discussion of tax credits - which ones your students might claim, who would be entitled to claim other tax credits, why we are given tax credits anyway.

FEDERAL NON-REFUNDABLE TAX CREDITS



At first sight, when you worked out what 16% was for Maria and Jack, it looked like an awful lot of money for them to pay, especially if you look at how much each of them earned. If you also worked out 16% of your own taxable income, it probably looked like a lot of money too.

However, taxpayers are able to use **tax credits** – amounts that can be credited towards, or put towards, any tax that should be paid. This will reduce how much tax they have to pay.

These tax credits are called **non-refundable tax credits**. On the **real Schedule 1**, you claim these credits on the bottom half of page 1. In our **simplified Schedule 1**, and you claim them on page 2.

Non-refundable, in this case, means that if your tax credits come to more than the tax you owe, you don't get the extra amount as a refund.

Say your calculated tax came to \$1,000 in one year, and your non-refundable tax credits came to \$1,200. You wouldn't have to pay any tax, but you wouldn't get any of the extra money back. (If you had already paid the \$1,000 in income tax, you'd get that back, but that's a different matter.)

In the following pages, you'll read about these tax credits.

What tax credits can you claim?

- You can claim a basic personal amount.
- You can also claim an amount for a spouse or common-law partner.
- If you are a single parent, you can claim a dependant's allowance for one of the children who live with you.
- You can claim a credit for any CPP or EI payments you made.
- You can also claim a credit for medical expenses and for charitable donations.

These are the most common credits people can claim.

Claiming the basic personal amount

Everyone is allowed to claim the **basic personal amount**. For the 2002 tax year, it is \$7,634. However, don't think this is going to cancel out all the tax you should have paid. First, you add up all your credits, but then you have to calculate a percentage of them. This is what you set against the tax you have to pay. You can't set \$7,634 against your income tax! First of all, though, enter \$7,634 on line 300 on page 2 of your simplified **Schedule 1**. If you are over 65, you may also be able to claim the **age amount**.

Claiming for a spouse or partner

If you supported your spouse or common-law partner during the year, you can claim the spouse or common-law partner amount. If he or she didn't earn any income during the year, you can claim

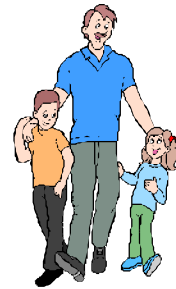
\$7,131 in 2002. If your partner did earn any money during the year, this amount has to be taken away from \$7,131. You can claim what is left. Enter this amount on line 303. If your partner earned \$1,000, you could claim \$6,131. If your partner earned \$7,131 or more you can't claim anything here. (Your partner is allowed to earn \$503 before this credit is affected. That's how you get the maximum claim of \$7,131 rather than \$7,634.)

Claiming for an eligible dependant

In previous years, if you were a single parent, you could claim for one of your children in a section called Equivalent-to-spouse-amount. It is now called Amount for an eligible dependant.

If your child has no income, you can claim \$6,482.

However, if you are going to claim one of your children as an eligible dependant, you have to fill out another schedule.



You have to fill out Schedule 5. You enter the name, date of birth, address, and net income of your child. If this is a young child, he or she will probably have no income. An older child might be working part time. You would have to take your child's net income away from \$6,482. You enter the amount you are going to claim on line 305 of Schedule 1.

CPP and EI payments made by you

If you are working, you will be able to enter the amounts you paid for CPP and EI. (You can find these amounts on the T4 your employer gave you in the early part of the year.) CPP contributions go on line 308, and EI premiums go on line 312 of Schedule 1.

Other amounts you might claim

There are several other amounts you may be able to include, but the ones mentioned here are the most common ones. You may want to consult one of CCRA's tax volunteers for help if you are going to claim any other amounts that can be included in your tax credits. Most of these amounts are found on lines 314-326 in the real Schedule 1.



Medical expenses

If you have had a lot of medical expenses during the year, you may be able to claim a tax credit for some of these. The government believes it is reasonable for us to pay a certain amount in medical expenses, but if you have to spend a lot, you are able to get a bit of a tax break.

Your medical expenses have to be more than 3% of your net income or more than \$1,728, whichever is less. So if your net income was \$15,000, 3% would be \$450. This is much less than \$1,728, so you

could claim any medical expenses over \$450 but less than \$1,728 that you had paid for during the year.

- To claim the medical expenses, you have to add the amounts on all the receipts and put the total on line 330 of **Schedule 1**.
- Now subtract either 3% of your net income or \$1,728, whichever is less. This amount goes on line 332.

Remember it is quite simple to work out a percent of a money amount. To find out how much you can claim for medical expenses, first find your net income - on line 236 of your T1 form - and multiply it by .03. Use a calculator if you wish. Just remember the decimal point and the two decimal digits in the answer. This will give you 3% of your net income.

Enter your allowable medical expenses on line 332 of **Schedule 1**.



Working out your non-refundable tax credits

Once you have done all the math and filled out any of the other schedules that you need, you add together all the non-refundable tax credits you can claim and enter that amount on line 335 on **Schedule 1**.

Now you have to do some more math.

You can claim 16% of the amount on line 335.

This shouldn't be too hard. You have already practiced finding 16%. You had to work out 16% of your taxable income to find out how much federal tax you would be charged.

When you have worked out the 16% of your non-refundable tax credits, enter it on line 338 of **Schedule 1**.

There may be one more thing you can claim to reduce your taxes.

Donations

If you have made any donations to a charity or other good cause during the year, you may be able to claim some of this as a tax credit.

Often, people come to your door and ask you to give money to charities that help children, old people, or people with disabilities. They may

sometimes be from a group that funds research into diseases like cancer and diabetes.

Generally, you can only claim donations made to registered Canadian charities.

If you give money to any of these people, make sure you get a receipt and keep it for when you do your tax return the following April.

Claiming for donations

If you did make some donations and you want to claim a tax credit for them, you have to fill out **Schedule 9**.

Schedule 9 is a little complicated. You may want to get advice from one of the volunteers who help people at tax time.

If you are claiming any donations, you enter the amount on line 349 of **Schedule 1**.

- When you add the amounts on lines 338 and 349, that gives you your **total non-refundable federal tax credits**. This is the amount you can use to reduce how much tax you have to pay. Enter this on line 350.

Before you enter the numbers on your own Schedule 1, you can practice filling in the numbers for a made-up person on our simplified version of the Schedule 1. We will use the same imaginary person, Jennifer Brown, you may have already used for page 1 of the simplified T1 and for part 1 of our simplified Schedule 1. (You may not need to use all the information you are given.)

Name: Jennifer Brown

Date of birth: October 15, 1967

SIN: 462 103 397

Address: 93 Main Street, Newtown, Ontario L3B 9S4

Landlord's name and address: Mr. & Mrs. Smith, 8585 John Street,
Mississauga, Ontario L3L 1X1

Marital status: Single

Jennifer gives consent for her personal information to be provided to
Elections Canada

She wants to apply for the GST credit

Jennifer has no deductions so her taxable income will be the same as her total income. You will find her total income on the T4 on the next page. There are also other deductions here that she can claim.

Insert Jennifer Brown's T4 - to be scanned in - mailed separately

HOW MUCH FEDERAL TAX WILL YOU HAVE TO PAY?



To find out how much federal tax you will be charged, you have to copy some numbers. Our simplified Schedule 1 has far fewer lines on it than the real one does. The real schedule has many items that would not apply to you, so we have left them off the simplified form. You can take a look at the real Schedule 1 later.

The first thing you have to do is to copy the amount you entered on line 8 on the previous page of our schedule. (You are still working on **Schedule 1**.) Line 8 is 16% of your taxable income. This is how much tax you calculated on the money you have earned. You can use your own taxable income, or the taxable income we gave you for Jennifer Brown.

The next step is to enter the **total non-refundable federal tax credits** from line 350 on this page. You use this to find how much your net federal tax is.

Take line 350 (your total non-refundable tax credits) away from line 8 (the amount of federal tax you calculated). Enter the answer on line 19. This is your net federal tax.

Congratulations! When you have filled in all these details, you're ready to go back to the last page of your return!

- You have calculated how much your taxable income is.
- You have calculated what your tax credits are
- You can now work out how much federal tax you should have paid



Before you go back to the T1, take a look at the real Schedule 1 and circle the lines we gave you on the simplified Schedule. (You may have to scan quite closely to find all the lines!)

- **Line 1** is where you enter your taxable income
- **Lines 2-8** in the first column are where you work out your federal tax
- **Lines 300, 301, 303, 308, 312, 323, 332, 335, 338, 349 and 350** are used to work out your non-refundable tax credits
- **Line 19** is where you write your net federal tax - what you have to pay when you have deducted your tax credits

You can now go back to your simplified T1 General and turn to page 4 - but keep your Schedule 1 handy. You need to transfer information from the schedule to the T1 General.

Page 4 of the Simplified T1 General Form (continued)

You have used Schedule 1 to calculate how much federal tax you have to pay. You now know that your federal tax is worked out by subtracting your federal non-refundable tax credits from the tax percentages you worked out on your taxable income. Now you can go back to page 4 to calculate whether you will get a refund, whether you owe money to the government, or whether you have paid just the right amount.

The first thing to do is to transfer the amount you wrote on line 19 of Schedule 1 and write it on line 420 of the T1 General. This is your **federal tax**.

However, that isn't all the tax we pay. Taxpayers also have to pay tax to their provincial government.

The next line on the simplified T1 is line 428. Line 428 is where you enter how much **provincial** tax you should pay. On line 428 it tells you that you have to complete form 428. (This comes with your T1 General package.)



Form 428 is a lot like Schedule 1, and we have made a simplified version of it. (Pages 112-113). Just follow the same steps as you did for Schedule 1 when you fill in form 428. You will have to fill your taxable income in the right column and do the same calculations as you did for Schedule 1. On form 428, there are again 4 columns to choose from just as there are on Schedule 1. You will probably use the first one for people with a taxable income less than about \$32,000.

You work out your non-refundable provincial tax credits on this form too. Many of them are the same as the federal tax credits, but some of the amounts are different. Go through the list of credits and circle the line numbers that affect you. Then enter the amounts you are entitled to. Make sure you enter the correct amount.

When you have worked out how much your provincial non-refundable credits come to, you can then work out how much provincial income tax you should pay. You enter this amount on line 428 of your simplified T1.

When you add these two lines together, line 420 and line 428, this is how much tax you should pay. You write this on line 435.

Now you can take away how much tax you have already paid. This will be on your T4 slips. Enter this amount on line 437.

To find out if you have any provincial tax credits (the provincial sales and property tax credits for most of you) you fill out form 479. This form also came with your income tax package. You will find a simplified version in activity 5, page 152. If you have any provincial tax credits, you enter these on line 479 of your T1. Next you have to add lines 437 (how much tax you've paid already) and line 479 (your provincial tax credits) and write the total on line 482. This is how much tax you've already paid.

Now, at last, you can find out whether the amount of tax you have paid was just right, whether you owe money, or even whether you will get a tax refund.

First of all, compare line 435 and line 482.

There are three possibilities here. If lines 435 and 482 are equal, you have already paid the right amount of tax. You don't have to send any more money, but you don't get any back either.

If line 482 (how much you've already paid) is more than line 435, you have paid too much. The government will send you a refund cheque.

If line 482 is less than line 435, you have a balance owing. You owe the government money. You have to send the government a cheque for this amount.

Imagine that the income tax you should pay came to \$3,742 and the amount of tax you had paid already came to \$3,916, which column on your simplified T1 would you fill out? Put a check mark in the correct column. How much will you get as a refund? Write that on line 484.

The last thing you have to do is to sign and date your T1 and give your telephone number. You sign to certify that all the information you have given is correct. You are also certifying that the information is complete.

If you find out later that you've made a mistake, contact CCRA. You will usually be able to correct the mistake without any penalty. If the mistake means you owe CCRA more money, you may have to pay interest on it, but that is all. If you deliberately try to hide some income or make a false claim and CCRA finds out about this, there will be a penalty. This is not a mistake. You are breaking the law.

Comparing our simplified T1 to the real T1 General form

Now that you have worked your way through page 4 of the T1 General, you can compare your simplified version with the real one. As usual, there are far more lines on the real one than you will have to fill in. We gave you six lines and three columns.

First of all, find the three lines on page 4 that we gave you for how much income tax you had to pay. (Lines 420, 428 and 435.) Now find these lines on the real form. Circle them.

Next, find the three lines for how much income tax you've already paid. (Lines 437, 479 and 482.) Now find them on the real form. Circle them.

Now find lines 484 (you've paid too much so you get a refund) and 485 (you have a balance owing and haven't paid enough). Circle them.

Finally, find where you have to sign, and circle that on the real T1.

These are probably the only lines you will need to fill in to complete your T1 General tax form.

We hope that going through the forms step-by-step has helped to make your income tax forms much less confusing. You will have learned that the forms are much less complicated than you thought. There are lots of lines there to be filled in, but as we showed on our simplified forms, you will usually only be interested in a few of these lines.

Of course, if you still feel you would like some help, contact your local CCRA office, and they will either answer your questions or put you in touch with someone who can help. These services are free.

To the Teacher:

For the explanations in the simplified version of the *Guide*, we have selected only those lines we thought most students would be interested in. In some cases we have suggested asking an expert to help figure out how much to claim. Since most of our students will have low to moderate incomes, the expert they consult could well be one of CCRA's trained volunteers. You could remind them that they don't necessarily have to pay to get expert advice.

Guide

for the simplified **T1 General** and **Schedule 1**

Line 121 **Interest income**

If you have earned interest on your money, you should put an amount here. Complete Schedule 4 to find out how much you should write here. Ask an expert to help you if you're not sure.

Line 145 **Social assistance**

If you lived with your spouse when you received these payments, then you might not report them here. It depends on which one of you had more net income. The person with more net income should report the social assistance benefits. Ask an expert to help you figure this out.

Lines 156, **Support payments**
128 and
220

This is a rather complicated matter. If you receive, or make, support payments, ask an expert to help you figure out what you should enter here.

Line 208 **RRSP deduction**

If you put money into an RRSP, you should write something here. Fill out Schedule 7 to find out how much to write here.

Line 219	Moving expenses	If you moved to start a new job, or to go to university or college, then write on this line how much it cost you to move. You must have moved at least 40 kilometres from where you used to live. You will have to fill out a special form (T1-M) if you claim this amount. Ask an expert to help you figure this out.
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Line 250	Other payments reduction	If you entered workers' compensation social assistance, or net federal supplements payments on lines 144, 145, and 146, you enter them again here, and this will reduce your taxable income.
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Line 301	Age amount	If you were 65 or older on December 31 of last year, and your income was less than \$52,602, then you can claim something here. Ask an expert to help you figure this out.
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Line 303	Spouse or common-law partner amount	If you supported your spouse, and your spouse did not have any income, then you can claim \$6,482.00. If you supported your spouse, but he or she also had a little bit of his or her own income, then you can claim only part of this amount. If your spouse had more income than \$7,131.00, then you cannot claim this at all. Ask an expert to help you figure it out.
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Line 305	Amount for an eligible dependant	If you are a single parent, you may be able to claim something here. Fill out Schedule 5 to find out.
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Line 323	Tuition and education amount	You might be able to claim something here if you were a student. Ask an expert to help you figure this out.
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Line 330	Medical expenses	It is reasonable for you to spend up to 3% of your net income on medical expenses, but if you had to pay more than that, then the government will help you to pay them. Ask an expert to help you figure this out.
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Line 349	Donations and gifts	If you donated any money to charity, you can probably claim some of it here. You might be able to claim 16% of the first \$200 and 29% of the rest. Fill out Schedule 9 to find the exact amount.
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Line 479	Provincial tax credits	To find out if you have any provincial tax credits, fill out form 479.
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General Income Tax and Benefit Guide

When you receive your income tax package, it includes forms and schedules and also a guide. The guide explains what should be entered on the numbered lines in the T1 General. It goes through the form line by line, so if you don't know what to put on a line, you can look up that line in the guide to see if there's an explanation there. The guide provided by CCRA also contains tax tips. These are found throughout the guide in paragraphs printed with a grey background

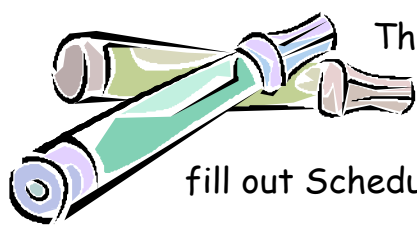
For example, if you usually make a few donations every year, it might be worth not reporting them this year. Instead, you could add them to next year's donations and claim both amounts. You can claim 16% of the first \$200 you donate, but you can claim 29% of anything over \$200. If you donated \$200 each year, and claimed it each year, you would get \$32 credit this year and \$32 next year - \$64 in total. If you waited till next year to claim the credit, you would claim \$400 in donations. You would still get \$32 for the first \$200, but you would get \$58 for the next \$200 (29% of \$200). This would allow you to claim \$90 as a tax credit instead of \$64. You can actually keep your donations for up to five years and then report them.

Our simplified guide doesn't give tax tips, but it does give explanations of what you should put on some of the lines.

Turn to page 2 of your simplified T1 General. Find the first line in the Total Income section that tells you to "see the guide." This is line 121.

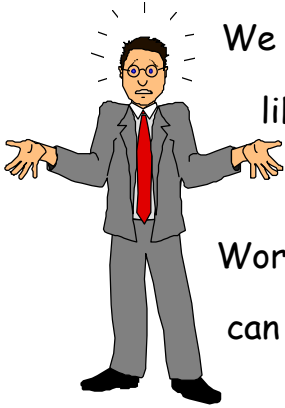
Follow the instructions and see what your simplified guide has to tell you about line 121. It tells you that if you have earned interest on your money, you should put an amount here. It also tells you that you must fill out Schedule 4 to see how much to write here.

Schedule 4 is one of the forms included in your income tax package from CCRA. It isn't too hard to fill it out. You will probably only need to fill out one line - Interest and other investment income. On this line, it tells you to go to line 121 in the guide. The guide tells you to enter any interest you have earned on your money on line 121 of your return. If you aren't sure exactly what to do, you can always ask one of CCRA's trained volunteers for help.



The items on the first page of our simplified guide go with the T1 form. The rest of them are there to help you to fill out Schedule 1. Take your simplified T1 and Schedule 1. With a highlighter or coloured pen, mark the lines on the forms that have an explanation in the guide.

Brainstorming



We haven't given explanations for all the lines. Would you have liked explanations for some other lines? If you would have liked more explanations, where else could you go to get more help?

Work with a partner and see how many different suggestions you can come up with.

Where to get help:



To the Teacher:

Since most students in literacy programs have only a low or modest income, almost all of them will qualify to get money back as a provincial tax credit. Unlike the non-refundable federal and provincial credits which only reduce the amount of tax paid, the provincial credit will actually entitle them to get money back. The real tax credit form has several sections that will not usually concern our students. However, the occupancy cost and the sales tax credit will be available to most of them, so we have made a simplified version of this form containing just those two sections. It's a good one to fill out because most students will get money back if they do.

In case a student might be unwilling to reveal his or her net income, we have provided a couple of examples - one to be used for practice and one to be used as a demonstration if you wish.

Simplified Ontario credits

Net income from line 236			1
Your spouse's net income		+	2
Add lines 1 and 2	Income for Ontario credits	=	3

Ontario property and sales tax credits

Property tax credit

Rent paid in Ontario in 2002	X 20% =		4
Property tax paid in Ontario in 2002		+	5
Student residence	Claim \$25	+	6
Add lines 4, 5 and 6	Occupancy cost *	=	7
If under age 65: Enter the amount from line 7 or \$250 whichever is less			8
If age 65 or older: Enter the amount from line 7 or \$500 whichever is less			
Amount from line 7	X 10%	+	9
Add lines 8 and 9	Property tax credit	=	10
Complete the Declaration for the property tax credit in the box below			

- How much it cost you to live in (occupy) your home

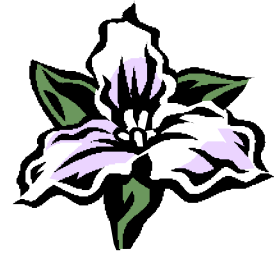
Declaration for property tax credit (If you need more space, use a separate sheet of paper)

I declare the following information about my principal residences in Ontario during 2002				
Address	Number of months resident in 2002	Rent paid in 2002	Property tax paid in 2002	Name of landlord or municipality to whom payment was made

Ontario sales tax credit

Basic sales tax credit	Claim \$100				11
Additional credit for spouse or common-law partner	Claim \$100	+			12
Number of dependent children born in 1983 or later	X \$50	+			13
Add lines 11, 12 and 13	Sales tax credit	=			14
Add line 10 (property tax credit on first page) and line 14		=			15
If under age 65: (Line 3 minus \$4,000) x 2% (if negative, enter "0")					16
If over age 65: (Line 3 minus \$22,000) x 4% (if negative, enter "0")					16
Line 15 minus line 16 (if negative, enter "0")		=			17
Enter the amount from line 17 or \$1,000 whichever is less					18
Enter the amount from line 18 on line 479 of your return					18
Ontario property and sales tax credits					

Provincial Tax Credits



The last item in our simplified guide is about provincial tax credits. Provincial tax credits will often mean that you will actually get some money back, unlike the non-refundable tax credits which just go to reduce the amount of tax that you pay. You have to fill out form 479 to find out if you have any provincial tax credits. We have made a simplified form 479 to make things easier for you. The actual form 479 has a lot of sections and lines that you probably won't use. In our simplified form we have given you the sections that let you claim property and sales tax credits. These are the credits most people will be able to claim. These are the credits usually claimed by people with low or moderate incomes.

Claiming Ontario Tax Credits

In order to claim your Ontario tax credits, you have to do some math. You have to add and subtract, and you also have to work out some percents. The amount you can claim is also related to your age. If you are under 65 on December 31 of the tax year, you do one set of calculations. If you are 65 or over on that date, you do another set of calculations using different dollar amounts and different percents. Be sure you make the right calculations. If you have a spouse or partner, your property and sales tax credits are based on your combined net income. You entered your net income on line 236 of your tax return.

Instead of getting you to give details of your own income and the rent you paid, we'll give you some figures to use for a made-up person. We will use Maria and Jack for our taxpayers.



Maria had a net income of \$8,234. Since she could make no deductions, this was also her taxable income. This isn't always the case, so make sure you use the correct income figure when you do the math for your own provincial credits.

Let's imagine that Maria is married and her husband's net income is \$15,766. (This will give us an easy number to work with when we combine their two incomes.) They paid \$700 a month in rent. Their property tax was paid by their landlord and was included in the rent. They have lived at 950 Willow Street, Apt. 203, Smallville, Ontario L4G 1B5 for the last three years. They are both under 65 years of age.

Maria lets her husband fill in the credits form, so his net income goes on line 1. Maria's income goes on line 2. When they add these two amounts, this is the income that their credits are based on.

Maria's husband's income = \$15,766

Maria's income = \$8,234

Total \$24,000

The income they will use to calculate their Ontario property and sales tax credits is \$24,000. This is the amount to enter on line 3.

The next thing to do is to work out their property tax credits. If you pay rent, it goes on line 4. If you pay property taxes, that goes on line 5. If you are a student living in residence, you can claim \$25 on line 6. Maria and her husband rent their apartment, so they enter their rent on line 4.

How much rent did Maria and her husband pay during the year? If they paid \$700 a month, that means they paid \$8,400 a year in rent. They have to enter 20% of this on line 4.

You remember that 20% of something means $20\% \times$ the amount.

Maria's husband uses his calculator to find $20\% \times \$8,400$.

The decimal for 20% is .20, so Maria's husband enters .20, then a multiplication sign, and then 8400. Since this is a multiplication problem, it doesn't matter which number is entered first.

$$.20 \times 8400 = 1680$$

This is the amount to enter on line 4.

They didn't pay separate property taxes, and neither of them lived in a student residence. They can put a zero on lines 5 and 6. When they add zero and \$1,680, they get \$1,680. This is the amount to enter on line 7. This is their **occupancy cost** - the amount they pay as rent or property taxes for the place they occupy, or live in.

The next line, line 8, is where you have to make sure you enter the right numbers. Maria and her husband are both under 65, so they follow the first instruction:

If under age 65: Enter the amount from line 7 or \$250 whichever is less. Unfortunately, \$250 is less than \$1,680, so \$250 is what they have to enter on line 8.

On line 9, they get to add a little more from their occupancy cost. They have to work out 10% of line 7. In this case, that's 10% of \$1,680. If you need to, you can use your calculator, but to find 10% of a number, you put a decimal point at the end if there isn't one already, and move this decimal point one place to the left. Ten percent of \$1,680 = \$168. Maria's husband enters this on line 9. He adds lines 8 and 9 and that tells them how much they will get as their property tax credit.

$$\begin{aligned}\text{Line 8} + \text{Line 9} &= \text{Property tax credit} \\ \$250 + \$168 &= \$418\end{aligned}$$

In order to claim this as a credit, Maria's husband has to fill in the address where they have lived during the tax year. He also has to fill in how many months they lived at this address, how much rent they paid, and the name and address of their landlord.

When that's done, they can move on to the sales tax credit over the page in the simplified form.

Maria's husband can claim \$100 for himself and \$100 for Maria. If they had children, he could claim \$50 for each child. However, they don't, so they claim \$200 on line 14 for their sales tax credit.

Maria's husband then adds line 10 (the property tax credit) to line 14 and writes the answer on line 15. Their property tax credit was for \$418, so the answer that goes on line 15 is \$618.

They haven't quite finished. Maria's husband is under age 65, and he has to do one more calculation before they can learn how much they will get as provincial credits. He has to take \$4,000 away from their net income found on line 3. Their net income came to \$24,000. Take away \$4,000 and that leaves \$20,000. Now he has to find 2% of this amount.

$$2\% \text{ of } \$20,000 = .02 \times 20,000 = \$400$$

Maria's husband enters \$400 on line 16.

There is one last calculation to be made. Maria's husband has to take line 16 away from line 15 and then he enters that amount on line 17.

$$\text{Line 15} = \$618$$

$$\underline{\text{Line 16} = \$400}$$

$$\underline{\text{Line 17} = \$218}$$

The amount Maria and her husband can claim as Ontario property and sales tax credits is \$218. This amount is entered on line 479 of her husband's return. Only one of them can claim the credits, although the fact that Maria is his wife is taken into account. Maria's husband claims \$100 for Maria on line 12.

Demonstration 1

We have worked through what Maria and her husband would have to do to claim Ontario property and sales tax credits. You should now be able to fill out a simplified Ontario credits form for Jack.



Jack works in the tuck shop in his apartment building. He works 38 hours a week and is paid \$7.73 an hour. He worked 50 weeks last year. You worked out (in activity 2c, page 118) that Jack made \$14,687 at his job. This was his net income since he could make no deductions from his total income.

Jack has lived in apartment # 4 at 63 Pine Avenue in Overton for 5 years. His postal code is N2B 1E5. He pays \$400 a month for his apartment. His landlady's name is Mrs. Winnie Yee. She lives in the apartment building in apartment #1.

Jack is 35 years old, single and has no children.

You may use a calculator to do the math.

Demonstration 2

Go back to Jennifer Brown's information (page 124) and fill out our simplified Ontario property and sales tax credits form using her information.

Performance Indicators – Activities 2, 3, 4 and 5

	Level 2	Level 3
Reading	• uses context cues and personal experience to gather meaning from the text • scans to find simple information • uses phonics and knowledge of word parts to decode more easily • uses conventions of formal text to find information • reads text made up of a number of short paragraphs • text is familiar with personal and/or general relevance • text has concrete information in familiar concrete wording • follows simple written instructions	• skims to understand type of text, scans to find specific information • uses various conventions of formal texts to locate and interpret information • text is within the interest of the reader with personal and/or general relevance • text has a combination of concrete and inferential meaning, some of it complex, some unfamiliar vocabulary • follows written instructions
Writing	• answers simple comprehension questions • organizes thoughts to convey main idea in a paragraph • uses basic organizers such as common linking words and parts of a paragraph • completes simple forms, following written instructions • uses appropriate mechanics (see <i>The Level Descriptions</i>, p 31)	• writes short composition to present factual information • organizes information • uses appropriate connecting words and relevant supporting details • uses appropriate levels of language • uses a variety of sentence structures (simple and compound) • completes forms, following written instructions • uses appropriate mechanics (see <i>The Level Descriptions</i>, p. 32)
Numeracy		• performs money calculations • calculates using multi-digit whole numbers, decimals & percents

Performance Indicators for demonstrations

	Level 2	Level 3
Reading	• uses context cues and personal experience to gather meaning from the text • scans to find simple information • uses phonics and knowledge of word parts to decode more easily • uses conventions of formal text to find information • reads text made up of a number of short paragraphs • text is familiar with personal and/or general relevance • text has concrete information in familiar concrete wording • follows simple written instructions	• skims to understand type of text, scans to find specific information • uses various conventions of formal texts to locate and interpret information • text is within the interest of the reader with personal and/or general relevance • text has a combination of concrete and inferential meaning, some of it complex, some unfamiliar vocabulary • follows written instructions
Writing	• completes simple forms, following written instructions • uses appropriate mechanics (see <i>The Level Descriptions</i>, p 31)	• completes forms, following written instructions • uses appropriate mechanics (see <i>The Level Descriptions</i>, p. 32)
Numeracy		• performs money calculations • calculates using multi-digit whole numbers, decimals & percents

Unit D

The GST Credit

We have created three activities to help students learn about the GST Credit:

1. The GST Credit and the GST: What's the difference?

- page 163

a one-page reading, and three reading comprehension exercises

2. Income Tax and the GST Credit - page 171

thirteen questions and answers about the GST Credit, for oral reading, silent scanning and vocabulary building

3. Will I Get the GST Credit? - page 181

profiles of people whose GST credits the students will figure out, using tables of numbers

Unit D Activity 1

The GST Credit and the GST: What's the difference?

To the Teacher:

This activity consists of a one-page reading and three reading comprehension exercises.

In speaking with students during the planning stages of this unit, we found that some people confused the *GST* with the *GST credit*. This activity helps students understand how the two are connected, yet different.

This activity may be done as a whole class, in small groups, or individually.

The GST Credit and the GST: What's the difference?

The **GST credit** is not the same thing as the **GST**. They are related, but they are not the same thing.

The **GST** is the seven cents extra that we pay for every dollar we spend. When we buy something, the amount on the price tag is how much money the store owner keeps, and the tax that is added on at the cash is how much the store owner passes on to the government.

Some people can pay this extra money easily, but the government knows that it's difficult for others. How can the government make it more fair? They don't ask some people to pay the **GST** and not others, because that would get too complicated. Instead, the government asks everyone to pay the **GST**, and then gives some money back to the people who have low or modest incomes. This money that the government gives back is called the **GST credit**. The government sends the **GST credit** to people as cheques in the mail, or deposits it directly into people's bank accounts.



You might be thinking, "Sales tax is more than seven cents on a dollar." You're right. And this article is right, too. This is because the GST isn't the only sales tax. There is also the PST (provincial sales tax), which is 8 cents in Ontario. We usually put the GST and the PST together and think of paying a total of fifteen cents tax on every dollar.

GST (Goods and Services Tax)	GST Credit (Goods and Services Tax Credit)
• This is seven cents on a dollar that everyone in Canada pays when they buy something. The store gives this seven cents to the government. • We pay GST on clothes, books, meals in restaurants, CDs, taxi rides, and many other things. • We don't pay GST on rent, prescription drugs, and most groceries.	• This is money that the government pays to people who have low and modest incomes, to give them back some or all of the money they paid as GST. • People receive this money four times a year, either as a cheque or deposited directly into their bank accounts.

1. Read the page called **The GST Credit and the GST: What's the difference?** to find out if each sentence on this page is right or wrong.

Circle Right or Wrong.

a) GST credit means 'Goods and Services Tax Credit'.	Right	Wrong
b) GST means 'Goods and Services Tax'.	Right	Wrong
c) People get GST credit cheques every month.	Right	Wrong
d) People get GST credit cheques four times a year.	Right	Wrong
e) The government gives the GST credit to people with low or modest incomes, to give them back some of the money they paid as GST.	Right	Wrong
f) The GST credit is money that the government pays to some people.	Right	Wrong
g) The GST credit is money that we pay to the government.	Right	Wrong
h) The GST is eight cents on a dollar.	Right	Wrong
i) The GST is fifteen cents on a dollar.	Right	Wrong
j) The GST is money that the government pays to some people.	Right	Wrong
k) The GST is money that we pay to the government.	Right	Wrong

l) The GST is seven cents on a dollar.	Right	Wrong
m) The GST is the same as the GST credit.	Right	Wrong
n) The money that the government gives back to people is called the GST.	Right	Wrong
o) The money that the government gives back to people is called the GST credit.	Right	Wrong
p) We pay the GST credit when we buy something.	Right	Wrong
q) When we pay GST in a store, the store keeps it.	Right	Wrong
r) When we pay the GST in a store, the store passes it on to the government.	Right	Wrong

2. Read the article to find out if we pay GST on these things. Write 'GST' beside the ones we pay GST on, and 'No GST' beside the ones we don't pay GST on.

a) taxi rides

e) most groceries

b) rent

f) clothes

c) prescription drugs

g) CDs

d) meals in restaurants

3. Imagine that your friend asks you, "What is the difference between the GST and the GST credit?" What would you say?

The GST Credit and the GST: What's the difference?

ANSWERS

1.

a) right	j) wrong
b) right	k) right
c) wrong	l) right
d) right	m) wrong
e) right	n) wrong
f) right	o) right
g) wrong	p) wrong
h) wrong	q) wrong
i) wrong	r) right

2.

a) taxi rides – GST
b) rent – No GST
c) prescription drugs – No GST
d) meals in restaurants – GST
e) groceries – No GST
f) clothes – GST
g) CDs – GST

3.

Answers will vary.

The GST Credit and the GST: What's the difference?

Performance Indicators

	Level 2	Level 3
Reading	• uses context cues and personal experience to gather meaning from the text • scans to find simple information • uses phonics and knowledge of word parts to decode more easily • uses conventions of formal text to find information • reads text made up of a number of short paragraphs • text is familiar with personal and/or general relevance • text has concrete information in familiar concrete wording • follows simple written instructions	• skims to understand type of text, scans to find specific information • uses various conventions of formal texts to locate and interpret information • text is within the interest of the reader with personal and/or general relevance • text has a combination of concrete and inferential meaning, some of it complex, some unfamiliar vocabulary • follows written instructions
Writing	• answers simple comprehension questions • organizes thoughts to convey main idea in a paragraph • uses basic organizers such as common linking words and parts of a paragraph • uses appropriate mechanics (see <i>The Level Descriptions</i>, p 31)	• writes short composition to present factual information • organizes information • uses appropriate connecting words and relevant supporting details • uses appropriate levels of language • uses a variety of sentence structures (simple and compound) • uses appropriate mechanics (see <i>The Level Descriptions</i>, p. 32)

Unit D

Activity 2

Income Tax and the GST Credit

To the Teacher:

This activity consists of thirteen questions and answers about the GST Credit, for oral reading, silent scanning and vocabulary building.

We have in mind that the teacher will cut these up so that every question and every answer is on a separate piece of paper, then hand out these slips. The student who has question #1 will read it aloud, and the students can suggest possible answers, before the student who has the slip of paper with answer #1 reads it aloud. And so on, through the thirteen questions.

Then, we recommend that you hand out to each student all of the questions and answers (not cut up), as well as the page titled "Helping a Friend Understand the GST Credit". This exercise requires the students to scan the four pages of questions and answers, and match the relevant answers to a friend's questions.

Finally, we have created a page of terms from the reading, for students to match to given definitions.

Income Tax and the GST Credit

Question #1:

Why is there a question about the GST credit on my income tax return?

Answer #1:

Because it's convenient. The government needs to see your net income to decide if you will get the GST credit or not, and your income tax return is where you figure out what your net income is.

Question #2:

Does everyone get the GST credit?

Answer #2:

No. Only people with net incomes that are low or modest get it.

Question #3:

What is a low or modest net income?

Answer #3:

It depends. For a single person with no children, a low or modest net income is anything under \$34,000. For a family with four children, a low or modest net income is anything under \$45,000.

Question #4:

Does everyone get the same amount of GST Credit?

Answer #4:

No. Some people get as little as \$11.00 a year. The most anyone can get is \$874.00 a year.

Question #5:

How does the government decide how much GST credit to give?

Answer #5:

They look at three things. First, they look at your net income, as you wrote it on your income tax return. Second, they look to see if you have a spouse, and, if you do, they look at that person's net income too. Third and last, they look at how many children you have. The lower your net income and the more children you have, the more GST credit you will get.

Question #6:

When does the government give out the GST credit?

Answer #6:

They don't give you the whole GST credit at the same time. They give it to you in four chunks. Usually, you receive the first chunk in July. Then you receive the other three chunks in October, January and April. You might get a cheque in the mail, or you might ask them to deposit the money directly into your bank account. (If someone's GST credit is less than \$100 for the whole year, then they will get it all in one cheque.)

Question #7:

How do I find out if I can get the GST credit?

Answer #7:

When you fill out the front page of your tax return, answer 'Yes' to the question 'Are you applying for the GST credit?' The government will send you a notice to tell you if you will get the GST credit, and how much it will be.

Question #8:

Is this what people are talking about when they say they got a tax refund?

Answer #8:

No. An income tax refund is different from the GST credit. You get an income tax refund if too much income tax was deducted from your pay cheques.

Question #9:

If I am married, can we both get a GST credit?

Answer #9:

No. If you have a spouse, then only one of you can get the GST credit. In fact, only one of you should apply for it. The GST credit will be the same amount no matter which of you applies for it. The person who gets it should share it.

Question #10:

If I am living common law, can we both get a GST credit?

Answer #10:

No. Only one of you can get the GST credit. It's like you were married.

Question #11:

If I got the GST credit last year, will I automatically get it again this year?

Answer #11:

No. You have to apply for it every year. This is because your net income might change from year to year, so the government might need to give you a larger or smaller GST credit each year.

Question #12:

How come I'm not getting the GST Credit?

Answer #12:

There are two possible reasons: (1) you didn't apply for it, or (2) you applied for it, but the government decided that your net income was high enough that you don't need the GST Credit.

Question #13:

If I don't send in my income tax return, can I still get the GST credit?

Answer #13:

No.

Income Tax and the GST Credit - Exercises

1) Help your friend to understand the GST Credit.

Imagine that you have a friend who knows that you are studying the GST credit, so he is asking you questions about it.

You don't have time to answer all his questions, but you can give him the pages of questions and answers, and tell him which ones to read.

Your friend asks:	You tell him:
a) How much is the GST credit?	Read # ____ .
b) When am I going to get my GST credit?	Read # ____ .
c) My wife is applying for the GST credit. Should I too?	Read # ____ .
d) I got the GST credit last year, so I'll get it again this year, won't I?	Read # ____ .
e) My friend got an income tax refund. Is that a GST credit?	Read # ____ .
f) Doesn't everybody get the GST credit?	Read # ____ .
g) Can I get the GST credit even though I didn't send in my taxes?	Read # ____ .
h) I'm living common law, so we'll each get our own GST credit, right?	Read # ____ .

2) Definitions

Write the number of the correct definition on each line.

- | | |
|---|--|
| a) A tax return is _____ | 1. a person you are legally married to. |
| b) Convenient means _____ | 2. fairly small. |
| c) Efficient means _____ | 3. a form we fill out to report our income to the government. |
| d) Net income means _____ | 4. removed, taken away. |
| e) Modest means _____ | 5. not wasteful. |
| f) A spouse is _____ | 6. how much money a person receives in a year, after deductions. |
| g) Deducted means _____ | 7. a person of the opposite or same sex who is not your spouse when you live and have a relationship with him or her.* |
| h) A common-law partner is _____ | 8. handy, easy to do. |

*Also, one of these things must be true: he or she is the natural or adoptive parent of your child; he or she has been living with you and having a relationship with you for at least 12 consecutive months; he or she lived with you previously as your spouse or common-law partner for at least 12 consecutive months.

Income Tax and the GST Credit - **ANSWERS**

Helping your friend to understand the GST credit.

- a) Read #4
- b) Read #6
- c) Read #9
- d) Read #11
- e) Read #8
- f) Read #2
- g) Read #13
- h) Read #10

Definitions

- a) 3
- b) 8
- c) 5
- d) 6
- e) 2
- f) 1
- g) 4
- h) 7

Performance Indicators

	Level 2	Level 3
Reading	• uses context cues and personal experience to gather meaning from the text • scans to find simple information • uses phonics and knowledge of word parts to decode more easily • reads text: one or more pages of short paragraphs • text is familiar with personal and/or general relevance • text has concrete information in familiar concrete wording • follows simple written instructions	• skims to understand type of text, scans to find specific information • uses various conventions of formal texts to locate and interpret information • text is within the interest of the reader with personal and/or general relevance • text is familiar with personal and/or general relevance • conveys mainly concrete information about a familiar but complex subject • makes judgments using evidence from the text
Writing	• uses appropriate mechanics (see The Level Descriptions, p 31)	• uses appropriate mechanics (see The Level Descriptions, p. 32)

The following Performance Indicators for Speaking and Listening will apply to class discussions of the GST Credit

	Level 2	Level 3
Speaking and Listening	- listens to others and contributes ideas appropriate to the topic of discussion; expresses ideas and opinions, and provides feedback to others in discussions about familiar topics - uses a wide range of familiar vocabulary to organize, link, and clarify ideas when speaking - presents ideas clearly in a coherent order	- uses a wider range of vocabulary - makes a case to a familiar person - speaks clearly in a focused and organized way - listens to others and stays on topic in conversations on familiar and unfamiliar topics, responding with feedback to the ideas of others - repairs misunderstandings in communication to keep discussion going - uses increased understanding of how non-verbal communication cues affect communication

Unit D

Activity 3

Will I Get the GST Credit?

To the Teacher:

This activity consists of profiles of people whose GST credits the students will determine, using tables of numbers.

We have created eight profiles of single people (two pages), and eight profiles of married people (two pages). The other two pages in this activity each contain a table that shows GST credit amounts, based on how many children in a family and the family's net income. One table is for single people and the other is for married or common-law people. (Note: The numbers in this activity come from CCRA's web site, so they are probably accurate, but we can't guarantee them. Only the people at CCRA can say for sure how much a GST credit will be.)

We have in mind that the students will work in pairs, one acting as the person asking about their GST credit amount (this student has the pages of profiles), and the other acting as the CCRA staff person (this student has the table of numbers). The CCRA staff person asks the other student for the three pieces of information necessary to determine a GST credit (Are you married? How many children do you have? What is your family's net income?), and looks up the corresponding GST credit in the table. It is up to you which role, the CCRA staff person or the other person, is responsible for calculating the amount of each of the four payments. (Learners might rightly ask if CCRA divides relatively small GST credits into four equal payments. The answer is that they do not. If a total annual GST credit is less than \$100, it will be given as one payment.)

Here is a modification that makes this more of a listening and speaking activity, and is more challenging for the learner who takes the role of CCRA staff person. Divide your class into two groups: citizens and CCRA staff. Give each CCRA staff person the two tables of Total Annual GST Credit. For the citizens, photocopy the four pages of profiles, and cut them up so that there is one character per slip of paper. Shuffle the slips to mix single people with married people. Give each citizen a slip, and ask them to speak with a CCRA staff member to find out if the person on their slip qualifies to

receive the GST credit, and, if so, how much the credit will be. When a taxpayer has his answer, he should check with you to see if it's correct, and, if it is, get another character. It is up to you whether each citizen must find the information for each character, or if the citizens as a group must find all the answers. It depends on the size of your class.

We would actually do this activity in the pairs format and in the whole group format, on two different days, because we don't think it's possible to remember the answers for each profile, and because it is worth repeating to practice the skills involved. Students can move from fumbling slowly to find an answer, to feeling comfortable and confident as they efficiently and with their own style, interact.

When the activity is finished, you might discuss:

- Do people with more kids get more or less GST credit?
- Do people with more family net income get more or less GST credit?
- Notice the intervals in income, particularly that at first they are irregular (some large, some small), then they become regular. In addition, single people with no children go against the pattern and get more money as their income rises until it reaches \$27,748 and then revert to the regular pattern of getting less as their income increases further.
- What are the patterns in amount of GST credit?
- What is the smallest GST credit a person can get? What is the largest? At what net income does one become ineligible for the GST credit?

To extend the activity:

- The students might make up their own characters. For example, all of the married characters that we've created have children; you could make some who don't have children.
- Learners can find out if they qualify for the GST credit, and how much it would be. They would have to remind themselves of their net income, and, for some, determine their marital status for tax purposes. This should be done privately. They needn't tell anyone in the class. Their right to keep this information private, and the

advisability of doing so, could be a discussion topic. If students want to find their own GST credit, they might need to know that children must be under age 19 on Dec 31.

- You might graph the figures, either from the given tables or using a computer spreadsheet.

Single People Ask, “Will I get the GST Credit?”

1. Carol



- single
- 0 children
- family net income \$25,000

Total annual
GST Credit:

Four
payments of:

2. Leo



- single
- 0 children
- family net income \$30,000

Total annual
GST Credit:

Four
payments of:

3. Tom



- single
- 0 children
- family net income \$35,000

Total annual
GST Credit:

Four
payments of:

4. Shelley



- single
- 1 child
- family net income \$15,000

Total annual
GST Credit:

Four
payments of:

5. Barbara



- single
- 2 children
- family net income \$20,000

Total annual
GST Credit:

Four
payments of:

6. Maria



- single
- 2 children
- family net income \$25,000

Total annual
GST Credit:

Four
payments of:

7. Alice



- single
- 2 children
- family net income \$30,000

Total annual
GST Credit:

Four
payments of:

8. Nancy



- single
- 4 children
- family net income \$30,000

Total annual
GST Credit:

Four
payments of:

**Total Annual GST credit for a person who is not married or
living common-law**

Family Net Income	0 children	1 child	2 children	3 children	4 children
0 to \$6,910	\$213.00	\$538.00	\$650.00	\$762.00	\$874.00
\$6,911 to \$7,999	\$235.00	\$538.00	\$650.00	\$762.00	\$874.00
\$8,000 to \$9,999	\$275.00	\$538.00	\$650.00	\$762.00	\$874.00
\$10,000 to \$11,999	\$315.00	\$538.00	\$650.00	\$762.00	\$874.00
\$12,000 to \$27,748	\$325.00	\$538.00	\$650.00	\$762.00	\$874.00
\$27,749 to \$27,999	\$312.00	\$525.00	\$637.00	\$749.00	\$861.00
\$28,000 to \$28,999	\$262.00	\$475.00	\$587.00	\$699.00	\$811.00
\$29,000 to \$29,999	\$212.00	\$425.00	\$537.00	\$649.00	\$761.00
\$30,000 to \$30,999	\$162.00	\$375.00	\$487.00	\$599.00	\$711.00
\$31,000 to \$31,999	\$112.00	\$325.00	\$437.00	\$549.00	\$661.00
\$32,000 to \$32,999	\$62.00	\$275.00	\$387.00	\$499.00	\$611.00
\$33,000 to \$33,999	\$12.00	\$225.00	\$337.00	\$449.00	\$561.00
\$34,000 to \$34,999	0.00	\$175.00	\$287.00	\$399.00	\$511.00
\$35,000 to \$35,999	0.00	\$125.00	\$237.00	\$349.00	\$461.00
\$36,000 to \$36,999	0.00	\$75.00	\$187.00	\$299.00	\$411.00
\$37,000 to \$37,999	0.00	\$25.00	\$137.00	\$249.00	\$361.00
\$38,000 to \$38,999	0.00	0.00	\$87.00	\$199.00	\$311.00
\$39,000 to \$39,999	0.00	0.00	\$37.00	\$149.00	\$261.00
\$40,000 to \$40,999	0.00	0.00	0.00	\$99.00	\$211.00
\$41,000 to \$41,999	0.00	0.00	0.00	\$49.00	\$161.00
\$42,000 to \$42,999	0.00	0.00	0.00	0.00	\$111.00
\$43,000 to \$43,999	0.00	0.00	0.00	0.00	\$61.00
\$44,000 to \$44,999	0.00	0.00	0.00	0.00	\$11.00

(approximate) (effective until June 2003)

Married People and People Living Common Law Ask, "Will I get the GST Credit?"

Note: If a family's total annual GST credit is less than \$100, they will get one payment of the whole amount, instead of four payments spread out over a year. If you find a family like this, you don't need to calculate a monthly payment.

1. John



- married
- 1 child
- family net income \$25,000

Total annual
GST Credit:

Four
payments of:

2. Diane



- married
- 1 child
- family net income \$35,000

Total annual
GST Credit:

Four
payments of:

3. Susan



- living common law
- 1 child
- family net income \$40,000

Total annual
GST Credit:

Four
payments of:

4. George



- married
- 2 children
- family net income \$20,000

Total annual
GST Credit:

Four
payments of:

5. Joanne



- living common law
- 2 children
- family net income \$35,000

Total annual
GST Credit:

Four
payments of:

6. Bob



- married
- 3 children
- family net income \$20,000

Total annual
GST Credit:

Four
payments of:

7. Caroline



- married
- 3 children
- family net income \$30,000

Total annual
GST Credit:

Four
payments of:

8. Fran



- married
- 3 children
- family net income \$40,000

Total annual
GST Credit:

Four
payments of:

Total Annual GST credit for a person who is **married or living common-law**

Family Net Income	0 children	1 child	2 children	3 children	4 children
0 to \$6,910	426.00	538.00	650.00	762.00	874.00
\$6,911 to \$7,999	426.00	538.00	650.00	762.00	874.00
\$8,000 to \$9,999	426.00	538.00	650.00	762.00	874.00
\$10,000 to \$11,999	426.00	538.00	650.00	762.00	874.00
\$12,000 to \$27,748	426.00	538.00	650.00	762.00	874.00
\$27,749 to \$27,999	413.00	525.00	637.00	749.00	861.00
\$28,000 to \$28,999	363.00	475.00	587.00	699.00	811.00
\$29,000 to \$39,999	313.00	425.00	537.00	649.00	761.00
\$30,000 to \$30,999	263.00	375.00	487.00	599.00	711.00
\$31,000 to \$31,999	213.00	325.00	437.00	549.00	661.00
\$32,000 to \$32,999	163.00	275.00	387.00	499.00	611.00
\$33,000 to \$33,999	113.00	225.00	337.00	449.00	561.00
\$34,000 to \$34,999	63.00	175.00	287.00	399.00	511.00
\$35,000 to \$35,999	13.00	125.00	237.00	349.00	461.00
\$36,000 to \$36,999	0.00	75.00	187.00	299.00	411.00
\$37,000 to \$37,999	0.00	25.00	137.00	249.00	361.00
\$38,000 to \$38,999	0.00	0.00	87.00	199.00	311.00
\$39,000 to \$39,999	0.00	0.00	37.00	149.00	261.00
\$40,000 to \$40,999	0.00	0.00	0.00	99.00	211.00
\$41,000 to \$41,999	0.00	0.00	0.00	49.00	161.00
\$42,000 to \$42,999	0.00	0.00	0.00	0.00	111.00
\$43,000 to \$43,999	0.00	0.00	0.00	0.00	61.00
\$44,000 to \$44,999	0.00	0.00	0.00	0.00	11.00
\$45,000	0.00	0.00	0.00	0.00	0.00

(approximate) (effective until June 2003)

Will I get the GST Credit?

ANSWERS

		Total annual GST Credit	Four payments of
Single			
1.	Carol	\$325.00	\$81.25
2.	Leo	\$162.00	\$40.50
3.	Tom	0	0
4.	Shelley	\$538.00	\$134.50
5.	Barbara	\$650.00	\$162.50
6.	Maria	\$650.00	\$162.50
7.	Alice	\$487.00	\$121.75
8.	Nancy	\$711.00	\$177.75
Married or Living Common Law			
1.	John	\$538.00	\$134.50
2.	Diane	\$125.00	\$31.25
3.	Susan	0	0
4.	George	\$650.00	\$162.50
5.	Joanne	\$237.00	\$59.25
6.	Bob	\$762.00	\$190.50
7.	Caroline	\$599.00	\$149.75
8.	Fran	\$99.00	Total credit is less than \$100, so she will receive the \$99.00 as one annual payment.

Will I get the GST Credit?

Performance Indicators

	Level 2	Level 3
Reading	• uses context cues and personal experience to gather meaning from the text • scans to find simple information • uses phonics and knowledge of word parts to decode more easily • uses conventions of formal text to find information • text is familiar with personal and/or general relevance • text has concrete information in familiar concrete wording • follows simple written instructions	• skims to understand type of text, scans to find specific information • uses various conventions of formal texts to locate and interpret information • text is within the interest of the reader with personal and/or general relevance • gathers information from tables • follows written instructions
Numeracy (Uses Number Sense and Computation – Whole numbers)	• performs money calculations • enters given data into a table	• performs money calculations • enters given data into a table

Although the Levels Descriptions specify that students should generate their own data and choose what means to display the results, this would be impractical in the context of this unit. However, the students should be given credit for their ability to take given data and then enter it correctly and neatly into a table.

Unit E

The Canada Child Tax Benefit

We have created three activities to help students learn about the Canada Child Tax Benefit:

1. Introducing the Canada Child Tax Benefit - page 193

a one-page reading passage and comprehension questions

2. Applying for the Canada Child Tax Benefit - page 197

a simplified, two-page application form, and descriptions of five families who want to use the form to apply for the CCTB

3. How Much is the CCTB? - page 205

a reading passage, a numeracy task, and oral discussion questions

Unit E Activity 1

Introducing the Canada Child Tax Benefit

To the Teacher:

This activity consists of a one-page reading passage and comprehension questions.

You can use this as a discussion, or as a reading and writing exercise - or even both.

Introducing the Canada Child Tax Benefit

What is the Canada Child Tax Benefit?

It is a payment made to families every month, to help raise children who are under 18. Sometimes we refer only to its initials: CCTB.

Can I get the CCTB?

You can, if all these things are true about you:

- You are the main person responsible for the care of a child younger than 18.
- You live with the child.
- You are a resident of Canada.
- You are a Canadian citizen, or a landed immigrant, or a convention refugee, or a holder of a minister's permit.



How do I apply?

You must complete the form called Canada Child Tax Benefit Application. You also must file a tax return every year, because the government needs to know your family's net income.

When will I know if I will get it?

About two months after you apply, you will receive a Canada Child Tax Benefit Notice, telling you if you will get the CCTB, and how much you will get. The notice will explain how they calculated the amount you will get.

When will I get my benefit payment?

You will usually get your benefit on the 20th of each month. If you don't get your payment on that day, wait five working days before calling to find out what is happening.

Introducing the Canada Child Tax Benefit

Questions

1. I have one son. He is 18 years old. Can I get the CCTB?
2. How often does a family get a CCTB payment?
3. I have kids but I don't live with them. Can I still get the CCTB?
4. What form do I have to fill out if I want to get the CCTB?
5. I didn't file a tax return last year. Can I still get the CCTB?
6. I mailed in my application for the CCTB yesterday. When will I know how much my payment will be?
7. Will I get my payment at the beginning of each month?
8. My CCTB payment should have arrived yesterday, but it didn't. What should I do?

Introducing the Canada Child Tax Benefit

Answers

1. I have one son. He is 18 years old. Can I get the CCTB?
No. Your son is too old. You can only get the CCTB for children who are younger than 18.
2. How often does a family get a CCTB payment?
A family gets the CCTB every month, or 12 times a year.
3. I have kids but I don't live with them. Can I still get the CCTB?
No.
4. What form do I have to fill out if I want to get the CCTB?
You have to fill out the form called Canada Child Tax Benefit Application
5. I didn't file a tax return last year. Can I still get the CCTB?
No. They need to know your net income, which you figure out on your tax return.
6. I mailed in my application for the CCTB yesterday. When will I know how much my payment will be?
You will get a notice in the mail in about two months.
7. Will I get my payment at the beginning of each month?
No, you will usually get it on the 20th of each month
8. My CCTB payment should have arrived yesterday, but it didn't. What should I do?
You should wait five working days, and then call to find out what is happening with it.

Unit E Activity 2

Applying for the Canada Child Tax Benefit

To the Teacher:

This activity consists of a simplified two-page application form, and descriptions of five families who want to use the form to apply for the CCTB.

We recommend that students work in pairs, one filling out the forms as the other gives him or her the information from the family description sheet.

To prepare, the teacher need only photocopy the two-page form (back-to-back is most realistic) and the family descriptions.

CANADA CHILD TAX BENEFIT APPLICATION

Part 1 — Information about you

First name and initial

Social insurance number

--	--	--	--	--	--	--	--	--	--

Female ☐

Male ☐

Last name

Date of birth

Year Month Day

--	--	--	--	--	--	--	--	--	--

Language of
correspondence

English ☐

Français ☐

Mailing address

Street (including apartment or unit number)

City

Province or territory

Postal Code

--	--	--	--	--	--

Telephone number

Home ()

Work ()

Part 2 — Information about your spouse or common-law partner

First name and initial

Social insurance number

--	--	--	--	--	--	--	--	--	--

Female ☐

Male ☐

Last name

Date of birth

Year Month Day

--	--	--	--	--	--	--	--	--	--

Mailing address

Street (including apartment or unit number)

City

Province or territory

Postal Code

--	--	--	--	--	--

Telephone number

Home ()

Work ()

Part 3 — Information about your marital status

- ☐ Married ☐ Living common law ☐ Widowed
☐ Divorced ☐ Separated ☐ Single

Enter the date your current status began:

Year				Month		Day	

Part 4 — Information about your child or children

Do not tell us about a child who you already get the CCTB for.

First name and initial

Female ☐ Male ☐

Last name

Date of birth

Year				Month		Day	

Place of Birth
City

Province or territory (or country, if outside Canada)

First name and initial

Female ☐ Male ☐

Last name

Date of birth

Year				Month		Day	

Place of Birth
City

Province or territory (or country, if outside Canada)

Certification

I certify that the information given on this application is correct and complete.

Sign here _____ Date _____

If you are married or living common law, your spouse or common-law partner must sign and date this form.

Your spouse's or common-law partner's signature _____ Date _____

Applying for the Canada Child Tax Benefit
Person #1

My name is Caroline Hardcastle.

My best language is English. I was born on September 30, 1963. I live in apartment #314 at 24 Graham Ave. in Ottawa. My postal code is K5A 2G9. My phone number is (613) 744-3838 at home, and (613) 562-2440 at work. My social insurance number is 214 643 522.

I am married to Greg Hardcastle. We got married on July 28, 1992. Greg's social insurance number is 220 389 717. He was born on January 13, 1965. He lives in the same apartment as me. He is not working right now, so he doesn't have a work telephone number.

We just had a baby. We named her Theresa Ann. She was born on February 21, 2002. She was born in Ottawa.

Applying for the Canada Child Tax Benefit
Person #2

I'm Marc Gervais.

I have lived with my common-law partner, Susan Louise Drake, since January 17, 1999. We just had a baby boy on December 5, 2001. He was born at the Civic Hospital in Ottawa. We have called him Mitchell John Gervais.

My date of birth is May 19, 1972, and my social insurance number is 317 542 201. Susan's date of birth is November 20, 1977, and her social insurance number is 320 117 613. We live in a house at 2230 Miller St. in Ottawa. Our postal code is K2B 3D3. Susan is not working right now, so she doesn't have a work phone number. My work phone number is (613) 228-1633. Our home phone number is (613) 774-6090.

I would prefer to get papers from the government in English.

Applying for the Canada Child Tax Benefit
Person #3

I'm Jeremy T. Lima.

My wife and I had twins on August 14, 2001. One baby is a girl called Julie, and the other is a boy called Victor. Their last name is Velasquez-Lima. We live in Toronto, and the babies were born at Toronto General Hospital.

My social insurance number is 241 533 602, and my wife's is 337 405 513. We live in apartment #505 at 628 Bloor St. West. Our postal code is M4B 6H3. Our phone number is (416) 945-7768.

My wife's name is Carmen Louisa Velasquez. She was born on October 9, 1980. I was born on October 9, 1975. (Funny coincidence!)

Applying for the Canada Child Tax Benefit
Person #4

My name is Farah Ali.

I moved to Ottawa in 2001 and I am a landed immigrant now.

My wife and I have two children. Safia is 14 years old. She was born on March 24, 1988. Abdi is 8. He was born on April 16, 1994. They were born in Mogadishu, Somalia. This is the first time that we are applying for the Canada Child Tax benefit for them.

My social insurance number is 433 894 782. My wife's social insurance number is 429 957 193. Her name is Hawa Ali. Our home phone number is (613) 245-0184. My work phone number is (613) 990-4892, extension 957. I was born on January 2, 1966. Hawa was born on June 15, 1970. We live in apartment #14 at 294 Laurier Ave., postal code K4H N9L.

Applying for the Canada Child Tax Benefit
Person #5

My name is Laura Marie Collins.

I live at 16 Jackson St. in Toronto (postal code M6B 1J0). I had my first baby on July 24, 2001. His name is Gerald Thomas Collins. I am a single mother.

My social insurance number is 218 493 935. I was born on November 3, 1967. My home phone number is (416) 859-7930. My work number is (416) 949-9628, extension 2557.

Unit E

Activity 3

How Much is the CCTB?

To the Teacher:

This activity consists of a reading passage, a numeracy task, and oral discussion questions. The information is based on figures for July 2002-July 2003. These amounts do change from year to year, but not by much.

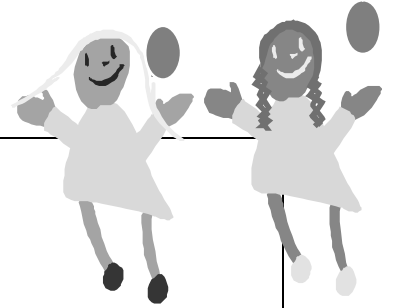
This activity is quite challenging. It requires students to read, decide if children fall into certain categories, fill out a table, and add money up to about \$800. The most difficult part of the activity is repeated many times, so students will have a chance to first do it with help, and then gradually learn to do it on their own.

How you conduct this activity will depend on your situation, your students and the skills you would like to focus on.

- You might have a student complete the whole activity by him- or herself, or you might have a group of students share the work.
- You can give the FAMILIES page to the students as it is, or you can cut it up and give out each family separately.
- You can have students use calculators or not. (When we were working these out to make the answer sheet, we found ourselves adding the benefit for each child by hand, and then using a calculator to total these to find the benefit for the whole family.)
- How you use the answer sheet is also up to you. You might keep it for yourself, or you might ask a student to be the checker.
- If it suits your class, you might make this into a role play, giving a pair of students a slip of paper with one of the families on it, and asking them to imagine they are the parents of those children, and they want to estimate how much of a CCTB they will receive.
- You might find that a student prefers to do his or her calculations without the CALCULATIONS sheet.
- Perhaps ten families is too many, and you would prefer to do only a few - or perhaps your students are just becoming competent at the

activity when they finish the ten families, and you will make up more of your own.

- If you decide to give ten *CALCULATIONS* sheets to each student, you might feel that that's too much paper (even double-sided). If so, you could put the *CALCULATIONS* form on an overhead transparency (either on an overhead projector or not), and have students use erasable markers.
- You might create a computer spreadsheet that would do the calculations, requiring the students only to type in each family's children and their ages.
- Anything goes!



How much is the CCTB?

It's different for different families. It depends on how many children are in the family, and how old they are. It also depends on the family's net income.

There is a **basic benefit** of \$95.92 per month for each child under age 18*.

Then, if there are more than two children in the family, the family will get an extra \$6.67 per month for each of them.

For example, if a family has four children, they will get the basic benefit for each of the four children, plus an extra \$6.67 for the third child and an extra \$6.67 for the fourth child.

If a family has children younger than 7, they will get \$19.00 per month extra for each of those young children.

If a family's net income is more than \$32,960, their benefit will be reduced.

Lower income families also get the **National Child Benefit Supplement**. Families whose net income is less than \$22,397 will get \$107.75 per month for the first child, \$90.58 per month for the second child, and \$84.08 per month for each other child. If a family's net income is more than \$22,397, their National Child Benefit Supplement will be reduced.

It's complicated, isn't it?

*This is the same everywhere in Canada except Alberta.

How much is the CCTB?

FAMILIES

On this page we list the children in some families.

Your job is to calculate how much Canada Child Tax Benefit each family will get.

Use the CALCULATIONS page to help you do this.

After you do the calculations, write the total Canada Child Tax Benefit for each family on this page.

1. The Taylor family Joshua, 13 Bradley, 9 Kelly, 4	6. The Lemire family Helene, 2
2. The Marchand family Claudia, 14 Rose, 10 Kenneth, 8 Paul, 5	7. The Daher family Hassan, 17 Fozia, 16 Abdillahi, 10
3. The Nguyen family Duc, 14 Anh, 7	8. The Salvino family Michael, 6 Katie, 5 Louisa, 3
4. The Varma family Neena, 9 Dev, 5	9. The Mbaya family Paul, 5 Solange, 6 months
5. The Wilson family Joseph, 7 Nathalie, 1	10. The Farber family Mona, 17 Ellen, 6 Sam, 15 Darcy, 6

(Imagine that each of these families can get the basic benefit and the National Child Benefit Supplement, without any reductions. That means that their net income is less than \$22,397.)

How much is the CCTB?

(Use one paper like this for each family)

CALCULATIONS

The _____ Family

	first child	second child	third child	fourth child	fifth child	sixth child
Monthly payments	name	name	name	name	name	name
	age	age	age	age	age	age
Every child under 18 gets the basic benefit of \$95.92.						
Every child under 7 gets an extra \$19.00.						
The third, fourth, fifth and sixth children get an extra \$6.67 each.						
National Child Benefit Supplement: The first child gets \$107.75. The second child gets \$90.58. The third, fourth, fifth and sixth children get \$84.08 each.						
Total per child:						

This family will get a Canada Child Tax Benefit of _____ per month*.

*We are assuming that the net income of each family is less than \$22,397. If a family's net income is more than that, their benefits will be reduced.

How much is the CCTB?

ANSWERS

1. The Taylor family \$595.84 Joshua, 13 \$203.67 Bradley, 9 \$186.50 Kelly, 4 \$205.67	6. The Lemire family \$222.67 Helene, 2 \$222.67
2. The Marchand family \$782.51 Claudia, 14 \$203.67 Rose, 10 \$186.50 Kenneth, 8 \$186.67 Paul, 5 \$205.67	7. The Daher family \$576.84 Hassan, 17 \$203.67 Fozia, 16 \$186.50 Abdillahi, 10 \$186.67
3. The Nguyen family \$390.39 Duc, 14 \$203.67 Anh, 7 \$186.50	8. The Salvino family \$633.84 Michael, 6 \$222.67 Katie, 5 \$205.50 Louisa, 3 \$205.67
4. The Varma family \$409.17 Neena, 9 \$203.67 Dev, 5 \$205.50	9. The Mbaya family \$428.17 Paul, 5 \$222.67 Solange, 6 months \$205.50
5. The Wilson family \$409.17 Joseph, 7 \$203.67 Nathalie, 1 \$205.50	10. The Farber family \$801.51 Mona, 17 \$203.67 Sam, 15 \$186.50 Ellen, 6 \$205.67 Darcy, 6 \$205.67

How much is the CCTB?

Discussion Questions (with answers)

Questions	Answers
1. Which family gets the least? Why do they get the least?	the Lemire family because they have the fewest children; only one
2. Which family gets the most? How many children are in that family? Which other families have that many children? Why do the Farber's get more than the Marchands?	the Farber family four only the Marchand family because they have two kids under seven, and the Marchands have only one
3. Which families have three children? Which of them gets the most? Why do the Salvinos get more than the others?	the Taylors, the Dahers and the Salvinos the Salvinos because they have two children under seven, and the other families have only one or none
4. Which families have two children? Which of them gets the most? Why do the Mbayas get more than the others?	the Nguyens, the Varma's, the Mbayas and the Wilson's the Mbayas because both of their children are under seven, and the other families have only one or none that age

How much is the CCTB?

Demonstration

Find the answer to the two questions on this paper. You may use two copies of the *CALCULATIONS* sheet and a calculator. Staple the *CALCULATIONS* sheets to this paper. Write your final answers on this paper.

1. **The Rainville family** has three children: James (14 years old), William (9 years old) and Paul (6 years old). How much will their Canada Child Tax Benefit be every month*?
2. **The Donnelly family** has two children: Anita (3 years old) and David (9 months old). How much will their Canada Child Tax Benefit be every month*?

*Assume that the net income of this family is low enough that their payments will not be reduced.

How much is the CCTB?

Answers for the Demonstration

1. The Rainville family's CCTB payment will be \$595.84 every month.

\$203.67 for James
\$186.50 for William
\$205.67 for Paul

2. The Donnelly family's CCTB payment will be \$428.17 every month.

\$222.67 for Anita
\$205.50 for David

How Much is the CCTB?

Performance Indicators

	Level 2	Level 3
Reading	• uses context cues and personal experience to gather meaning from the text • scans to find simple information • uses phonics and knowledge of word parts to decode more easily • reads text: one page of short paragraphs • text is familiar with personal and/or general relevance • text has concrete information in familiar concrete wording • follows simple written instructions	• skims to understand type of text, scans to find specific information • uses various conventions of formal texts to locate and interpret information • text is within the interest of the reader with personal and/or general relevance • text has a combination of concrete and inferential meaning, some of it complex, some unfamiliar vocabulary • makes judgments using evidence from the text • gathers information from tables
Writing	• completes forms requiring somewhat complex information • uses appropriate mechanics (see <i>The Level Descriptions</i>, p 31)	• completes forms requiring somewhat complex information • uses appropriate mechanics (see <i>The Level Descriptions</i>, p. 32)

	Level 2	Level 3
Speaking and Listening 	- listens to others and contributes ideas appropriate to the topic of discussion; expresses ideas and opinions, and provides feedback to others in discussions about familiar topics - uses a wide range of familiar vocabulary to organize, link, and clarify ideas when speaking - Presents ideas clearly in a coherent order	- uses a wider range of vocabulary - makes a case to a familiar person - speaks clearly in a focused and organized way - listens to others and stays on topic in conversations on familiar and unfamiliar topics, responding with feedback to the ideas of others - repairs misunderstandings in communication to keep discussion going - uses increased understanding of how non-verbal communication cues affect communication
Numeracy Uses Number Sense and Computation 	- Performs money calculations - Enters given data into a table	- Performs money calculations - Enters given data into a table
Whole numbers		

Although the Levels Descriptions specify that students should generate their own data and choose what means to display the results, this would be impractical in the context of this unit. However, the students should be given credit for their ability to take given data and then enter it correctly and neatly into a table.