

*Unit E: Personal Income Tax*

*Half Course IV*

## ***HALF COURSE IV***

**Unit E: Personal Income Tax**

**Hours: 7**

**General Learning Outcome:**

**Prepare a simple income tax form.**

*The intent of the unit is to teach students how to prepare a simple income tax form that is like one they might use.*

### **Specific Outcome**

E-1 Prepare an income tax form for an individual who is single, employed, and without dependents.

# ***PERSONAL INCOME TAX***

## **Instructional Materials**

- The “Teaching Taxes” package from Revenue Canada includes student workbooks, teaching guide, booklet of forms, and a general income tax guide.
- Software such as *CanTax* or *QuickTax* may be used.
- Student workbook from the “Teaching Taxes” package
- Calculator
- Blank T4 slips (Appendix)
- Introduction to the T1 worksheet (Appendix)
- *Essentials of Mathematics 11*

## **Connections with Problem Analysis and Analysis of Games and Numbers**

Any of the Problem Analysis and Analysis of Games and Numbers activities may be interspersed with problems from the Personal Income Tax unit.

**PRESCRIBED LEARNING  
OUTCOMES**

**General Outcome**

Prepare a simple income tax form.

**Specific Outcome(s)**

E-1 prepare an income tax form for an individual who is single, employed, and without dependents

**SUGGESTIONS FOR INSTRUCTION**

In *Senior 4 Consumer Mathematics*, students will revisit this topic and prepare more complicated forms. Emphasis in *Senior 3 Consumer Mathematics* should be on understanding the basic tax form.

1. Brainstorm to find out what students know and what their perceptions are about personal income tax. Discuss what income tax is, what taxes fund, how the government distributes the money.
2. Discuss possible reasons why people should prepare their own income tax return:
  - You are motivated to try to get the highest refund possible because you benefit directly.
  - Save on the cost of tax preparation or purchase of software (\$30 to \$50).
  - It's easy.
3. Examine a sample T4 slip and review the following deductions: CPP, EI, income tax, union dues, pension. Discuss what these deductions are used for.
4. Examine the T1 General form section by section. As you peruse each section, highlight the relevant lines used. These can be found in the teacher's guide to *Teaching Taxes*. Students seem to perform better when they complete the form using progressions. Have them work through one section thoroughly and then add on the next section in a progressive manner. (Refer to sample worksheet in the Appendix.)
5. After working through all the sections, including the Federal and Provincial schedules, work through a T1 General using Profile 1 from the student workbook. A set of transparencies could be used to guide students through this return. Encourage students to use the guide as questions arise.
6. Examine the profiles 2-6 from *Teaching Taxes* and study any extra forms that arise from those scenarios.

*CanTax*, *QuickTax*, or other computer programs may be used. It is recommended that you update your transparencies each year to match the current forms.

Communications	Patterns
Connections	Problem Solving
✓ <b>Number Sense</b>	✓ <b>Reasoning</b>
✓ <b>Organization and Structure</b>	Technology
	Visualization

*(continued)*

**SUGGESTIONS FOR ASSESSMENT**

**Student Project**

The student should complete at least one General Income Tax Return for a specific case. This could be an in-class or take-home project.

**Journal Entries**

- Is the Income Tax Guide “user friendly?”
- If you were in charge of distributing tax dollars, how would you change the system?

**SUGGESTED LEARNING RESOURCES**

**Print**

*Senior 3 Consumer Mathematics (35S) Part IV: A Course for Distance Learning.* Winnipeg, MB: Manitoba Education, Training and Youth, 2001. — Module 7

Baron, C., et al. *Essentials of Mathematics 11.* Victoria, BC: British Columbia Ministry of Education, 2002.

Teaching Taxes is available from Revenue Canada. Order in June for delivery by September, or mid-October for delivery by January. Order forms may be ordered from:  
 Client Services Directorate  
 400 Cumberland,  
 Room 2014  
 Ottawa, ON K1 A OL5  
 Tel: 613-957-1983  
 Fax: 613-941-5100

This package can be ordered free of charge with no limit on the number ordered. A class set includes student workbooks, Income Tax forms, and a teacher’s manual.

# Appendix

# Blank T4 Slips

Canada Customs and Revenue Agency / Agence des douanes et du revenu du Canada		Year / Année	<b>T4</b> STATEMENT OF REMUNERATION PAID ÉTAT DE LA RÉMUNÉRATION PAYÉE
Employer's name – Nom de l'employeur		VOID / ANNULÉ	Employment income – line 101 Revenus d'emploi – ligne 101
Business Number / Numéro d'entreprise		Province of employment / Province d'emploi	Employee's CPP contributions – line 308 Cotisations de l'employé au RPC – ligne 308
Social insurance number / Numéro d'assurance sociale		Exempt – Exemption CPP - QPP EI	Employee's QPP contributions – line 308 Cotisations de l'employé au RRQ – ligne 308
Employee's name and address – Nom et adresse de l'employé Last name (in capital letters) – Nom de famille (en lettres majuscules) First name – Prénom Initials – Initiales		Employment Code / Code d'emploi	EI insurable earnings / Gains assurables d'AE
RPC - RRQ AE		Employee's EI premiums – line 312 Cotisations de l'employé à l'AE – ligne 312	CPP-QPP pensionable earnings / Gains donnant droit à pension - RPC-RRQ
Other information (see the back) / Autres renseignements (voir au verso)		RPP contributions – line 207 Cotisations à un RPA – ligne 207	Union dues – line 212 Cotisations syndicales – ligne 212
Charitable donations – Schedule 1 / Dons de bienfaisance – Annexe 1		Pension adjustment – line 206 Facteur d'équivalence – ligne 206	RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB

Canada Customs and Revenue Agency / Agence des douanes et du revenu du Canada		Year / Année	<b>T4A</b> STATEMENT OF PENSION, RETIREMENT, ANNUITY, AND OTHER INCOME ÉTAT DU REVENU DE PENSION, DE RETRAITE, DE RENTE OU D'AUTRES SOURCES			
16 Pension or superannuation	18 Lump-sum payments	20 Self-employed commissions	22 Income tax deducted	24 Annuities	26 Eligible retiring allowances	27 Non-eligible retiring allowances
Prestations de retraite ou autres pensions	Paiements forfaitaires	Commissions d'un travail indépendant	Impôt sur le revenu retenu	Rentes	Allocations de retraite admissibles	Allocations de retraite non admissibles
28 Other income	30 Patronage allocations	32 Registered pension plan contributions (past service)	34 Pension adjustment	36 Pension plan registration number	40 RESP accumulated income payments	42 RESP educational assistance payments
Autres revenus	Répartitions selon l'apport commercial	Cotisations à un régime de pension agréé (services passés)	Facteur d'équivalence	Numéro d'agrément du régime de pension	Paiements de revenu accumulé d'un REEE	Paiements d'aide aux études d'un REEE
46 Charitable donations	12 Social insurance number	38 Footnote codes	13 Business Number (BN)	14 Recipient's number	61 Payer's Business Number (BN)	
Dons de bienfaisance	Numéro d'assurance sociale	Codes de notes	Numéro d'entreprise (NE)	Numéro du bénéficiaire / Numéro d'entreprise (NE) du payeur		
Recipient's name and address – Nom et adresse du bénéficiaire Last name (in capital letters) – Nom de famille (en lettres majuscules) First name – Prénom Initials – Initiales				Payer's name – Nom du payeur		
Footnote codes and explanation – Explication des codes de notes						

