

Name: Solutions

Math 10En

Practice Test Finances

Use the equations on the formula sheet if necessary.

Short Answers: (Show all of your work)

1. Explain the difference between gross and taxable revenue.

gross revenue: all income before any deduction

taxable revenue: gross revenue - deductions before taxes - pers. exemption

It's the money taxes will be calculated on.

2. Explain the base personal exemption of 10 207\$. How does this amount affect my taxes?

This is the territorial/provincial exemption. This is the part of revenue you don't pay taxes on.

3. Make a complete list of all the deductions you know.

- union fees
- extra pension
- EI
- CPP
- federal taxes
- territorial / provincial taxes
- ...

4. Claire's annual salary is 70 000\$. She is paid ^{semi} -monthly. What is her gross revenue for each period? [1]

$$70000 \div 24 = \$ 2916.67$$

5. Marilou earns 414.25\$/week plus a commission of 3.1% for her sales. Last February, she sold 37408\$. What was her gross revenue that month? [2]

$$414.25 \times 4 + 0.031 \times 37408 = \$ 2816.65$$

6. You gain 571.90\$ every two weeks. What will be your deduction for employment insurance (EI)? [1]

$$\text{Annual Gross Revenue: } 571.90 \times 26 = \$ 14869.40$$

$$\text{EI: } 0.0162 \times 14869.40 = \$ 240.88 \text{ (for the year)}$$

$$240.88 \div 26 = \$ 9.26 \text{ each period}$$

7. Kate gains 15.80\$ per hour. Her salary is paid weekly. She works 35 hours each week. How much does she pay for pension (CPP) at the end of the year? [3]

$$\text{Annual Gross Revenue: } 15.80 \times 35 \times 52 = \$ 28756$$

$$\text{CPP: } (28756 - 3500) \times 0.051 = \$ 1288.06$$

8. Robert's gross revenue is 2880\$ semi-monthly. He pays the union 325\$ each period and 350\$ for his retirement (RRSP). What is his net revenue per period? [4]

$$\text{Annual Gross Revenue: } 2880 \times 24 = \$69120$$

$$\text{CPP: } \$2748.90 \text{ (max)} \quad \text{Other deductions: } (325 + 350) \times 24$$

$$\text{EI: } \$860.22 \text{ (max)} \quad = \$16200$$

$$\text{Taxable Revenue (without exemptions): } 69120 - 2748.90 - 860.22 - 16200 = \$49310.88$$

$$\text{Federal taxable Revenue: } 49310.88 - 11635 = \$37675.88$$

$$\text{Federal taxes: } 37675.88 \times 0.15 = \$5651.38$$

$$\text{Territorial taxable Revenue: } 49310.88 - 10207 = \$39103.88$$

$$\text{Territorial taxes: } 39103.88 \times 0.064 = \$2502.65$$

$$\text{NET REVENUE: } 49310.88 - 5651.38 - 2502.65 = \$41156.85 \Rightarrow \boxed{\$1714.87/\text{month}}$$

9. You work in an office. You are paid 550\$ per week. You have a union fee of 9.5\$ each week. What is your net income for the year? [6]

$$\text{Annual Gross Revenue: } 550 \times 52 = \$28600$$

$$\text{CPP: } (28600 - 3500) \times 0.051 = \$1280.10$$

$$\text{EI: } 28600 \times 0.0162 = \$463.32$$

$$\text{Taxable Revenue without exemptions: } 28600 - 1280.10 - 463.32 - 9.5 \times 52 = \$26362.58$$

$$\text{Federal taxable revenue: } 26362.58 - 11635 = \$14727.58$$

$$\text{Federal taxes: } 14727.58 \times 0.15 = \$2209.14$$

$$\text{Territorial taxable revenue: } 26362.58 - 10207 = \$16155.58$$

$$\text{Territorial taxes: } 16155.58 \times 0.064 = \$1033.96$$

$$\text{NET REVENUE: } 26362.58 - 1033.96 - 2209.14 = \boxed{\$23119.48}$$