TAXES

Tax Basics: How taxes work in Canada

turbotax

CALCULATING TAX

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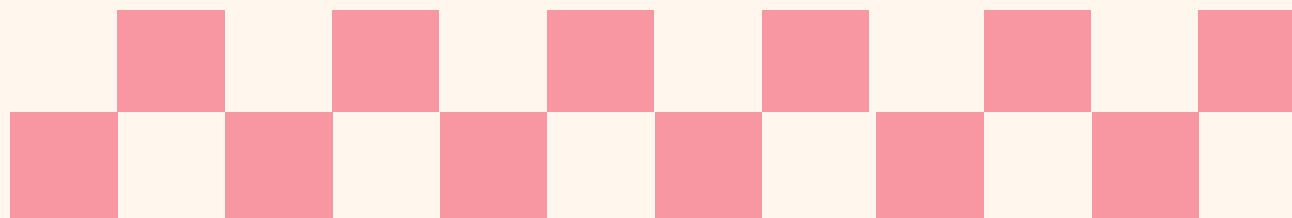
Tax is a financial charge that funds government spending.

Taxes fund various government programs and services, including:

✳ **Parks**
✳ **Police**
✳ **Bridges**
✳ **Public transit**
✳ **Education**
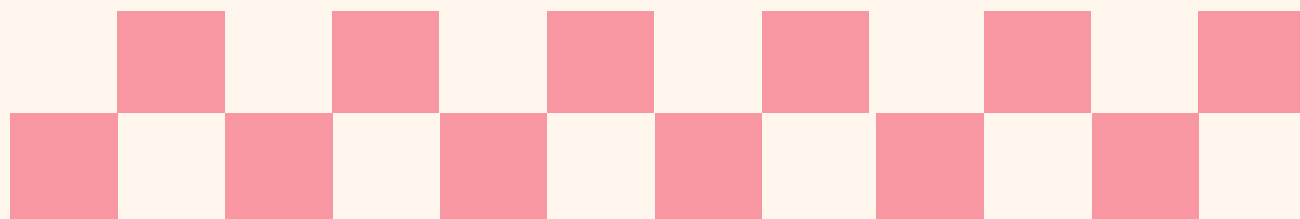
CALCULATING TAX

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There are many types of taxes, including income tax, sales tax, windfall tax, property tax.

Canada's federal income tax ranges from 15-33% depending on your income.

You also have to pay provincial income tax. For Ontarians, this ranges from 5.05-13.16% depending on your income.

If you own property, you will have to pay property tax based on the assessed value of your property. The property tax rate in Ottawa is 1.20% and climbing...
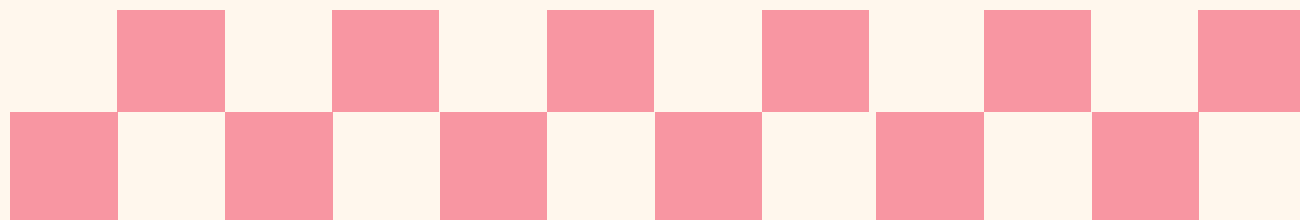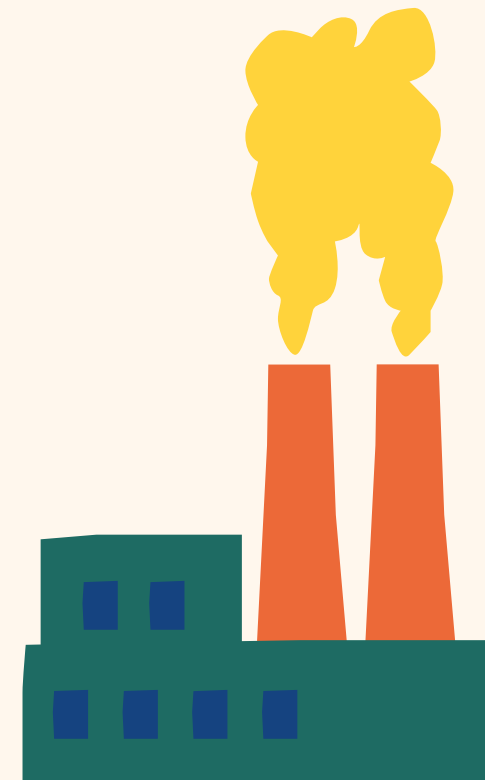
CALCULATING TAX

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Windfall tax is a tax imposed by the government on businesses that have excess profit.

Canadians do not pay windfall tax ex. contest prizes, lottery winnings.

Oil and gas companies have extremely high profits, so a windfall tax could help finance climate change solutions.

CALCULATING TAX

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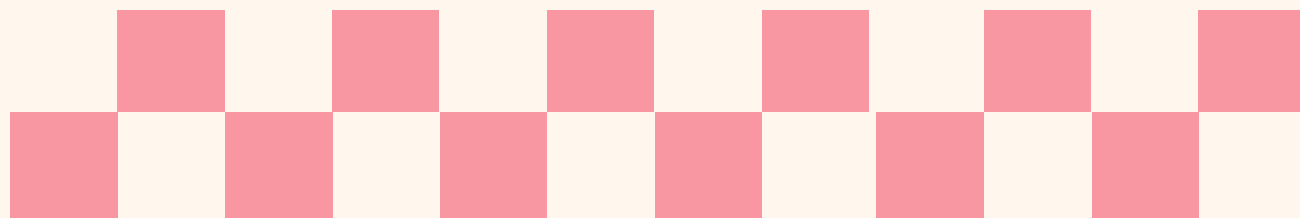Sales tax is a percentage of the purchase price and is added to the final cost.

It differs for each province and country!

In Ontario, the sales tax is 13% (0.13).

Cost = retail price x 1.13

1.13 represents 113% of the retail price - the retail price plus 13% of it.

SALES TAX

Retail price
Pre-tax
Plus tax
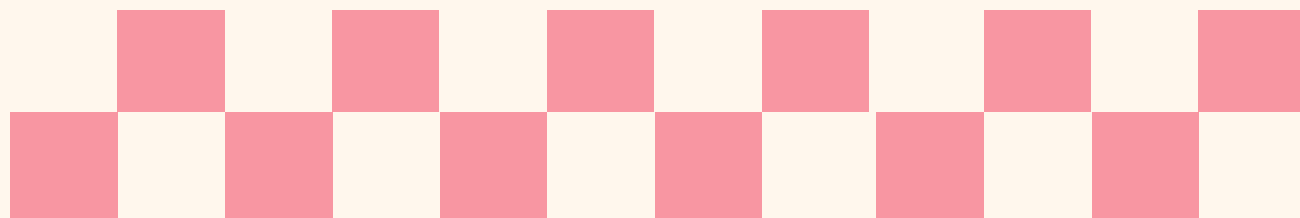After tax

Retail price is the price on an item's label.

The retail price of this shirt is **$20**.

$5 off

$20 plus tax

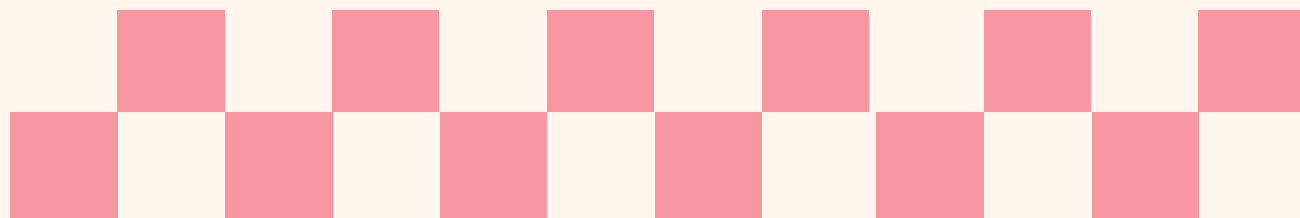# SALES TAX

Retail price
Pre-tax
Plus tax
After tax

Pre-tax is the cost before tax, with sales.
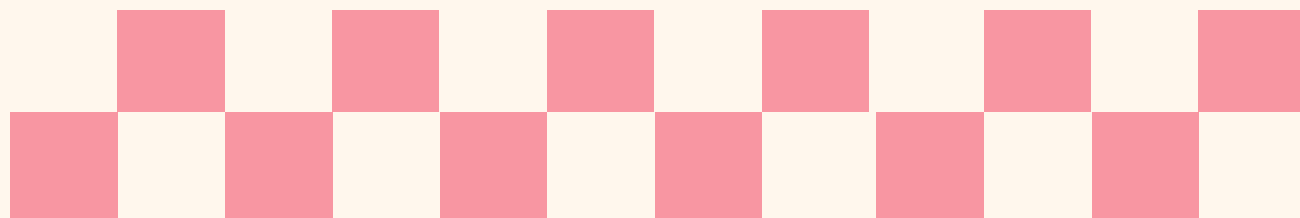
The pre-tax price of this shirt is $15.

$5 off

$20 plus tax

SALES TAX

Retail price
Pre-tax
Plus tax
After tax

"Plus tax" means tax is not included.
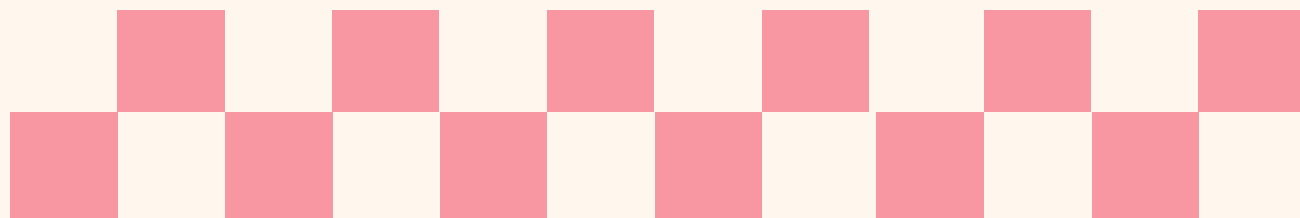
This shirt will cost you more than $15.

$5 off

$20 plus tax

SALES TAX

Retail price
Pre-tax
Plus tax
After tax

After tax is the cost you will pay.

This shirt will cost you $16.95.

$5 off

$20 plus tax
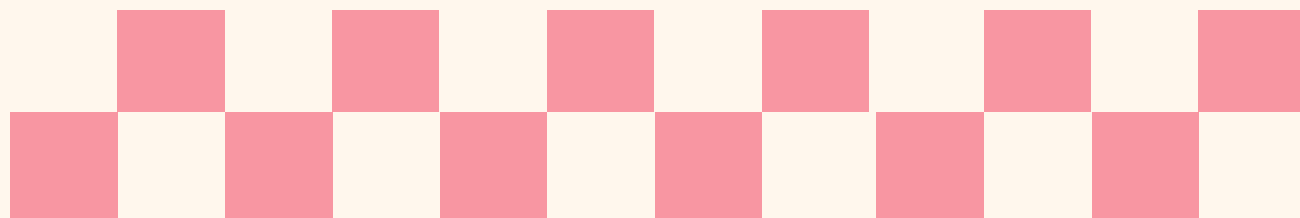
SALES TAX

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Retail price
Pre-tax
Plus tax
After tax

Where does $16.95 come from?

$15 x 1.13 = $16.95

$5 off

$20 plus tax
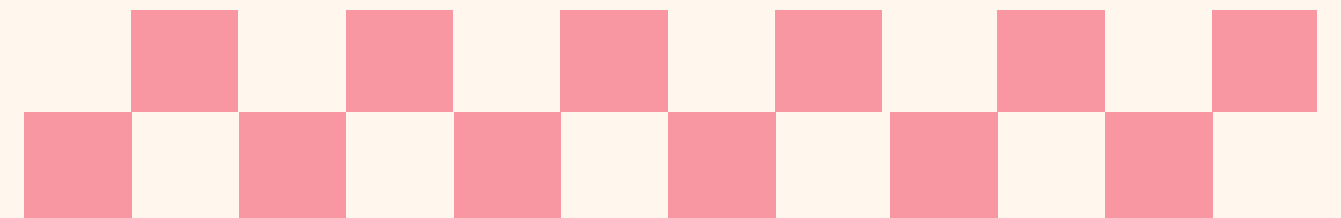
GROUP WORK

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For the worksheet you get, write down the:
- Retail price
- Pre-tax price
- Price after tax

$5 off

$20 plus tax

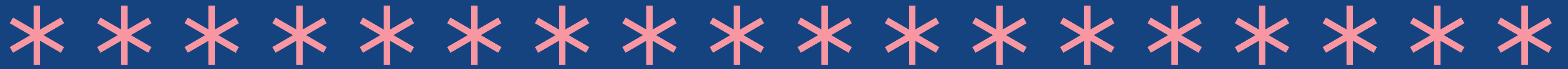After 10 minutes, you will find classmates who got the same item as you and compare answers.

Once your group is confident, send one person to Ms. Qiu to get your answers checked!
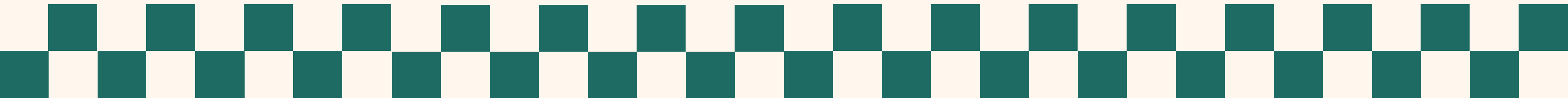
Worksheet

We will take these questions
up as a class in 30 minutes.

On the back of the first sheet, please copy these four missing questions down.

6. How much money will Salma need to save
for a new bike if it costs $499.99 plus tax?

7. Li is shopping for skis in Alberta (sales tax is
5%). The skis cost $749.00 plus tax, and the poles
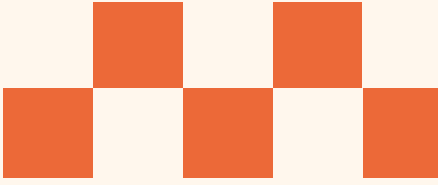cost $99.99 plus tax. How much will this all cost?

8. Abdul wants to buy a new painting set. His new brushes will
cost $99.08 plus tax, new paints will cost $74.99 plus tax, and a
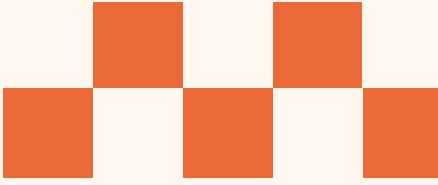new canvas will cost $84.47 plus tax. How much will it all cost?

9. Inez will need to buy her dog some new dog food. A bag costs $47.99
plus tax. If Inez has $60, can she also buy her dog a new toy for $4.99?
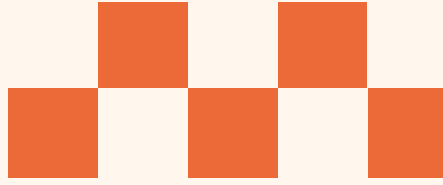
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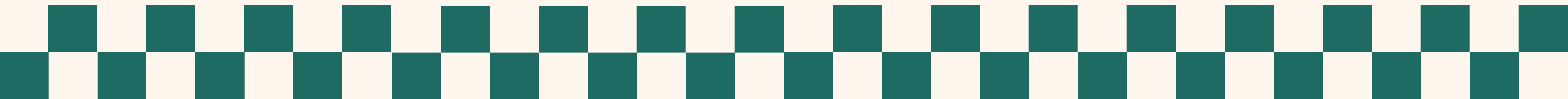
1. Alia is baking a cake at home and she realizes that she doesn't have enough milk. She will need to run out to the store and buy some. A carton of milk costs $4.49 plus tax. How much money will she need to bring to the store?

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1. Alia is baking a cake at home and she realizes that she doesn't have enough milk. She will need to run out to the store and buy some. A carton of milk costs $4.49 plus tax. How much money will she need to bring to the store?

$$\$4.49 \times 1.13 = \$5.07$$

∴ The total price will be $5.07.
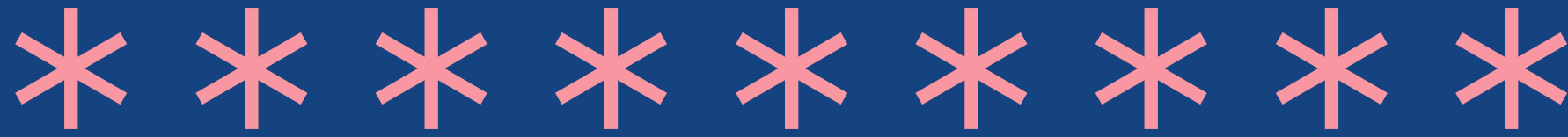
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2. Charlie is saving up his money to buy a Nintendo Switch. The Nintendo Switch costs $299.99 plus tax. How much will he have to save?

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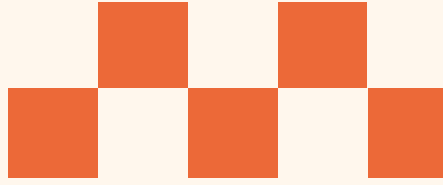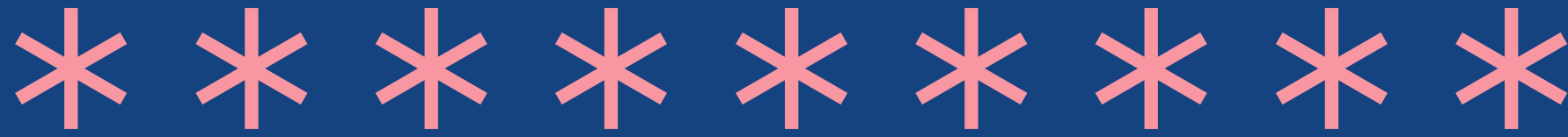
$299.99 x 1.13 = $338.99
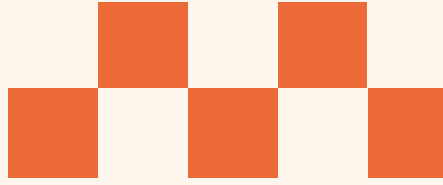
∴ Charlie will need to save $338.99.

3. Sarah has a grocery list that includes milk ($4.49 plus tax), cheese ($8.29 plus tax), bread ($3.49 plus tax), and apple juice ($3.29 plus tax). How much will this all cost?
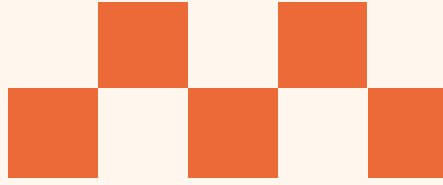
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3. Sarah has a grocery list that includes milk ($4.49 plus tax), cheese ($8.29 plus tax), bread ($3.49 plus tax), and apple juice ($3.29 plus tax). How much will this all cost?

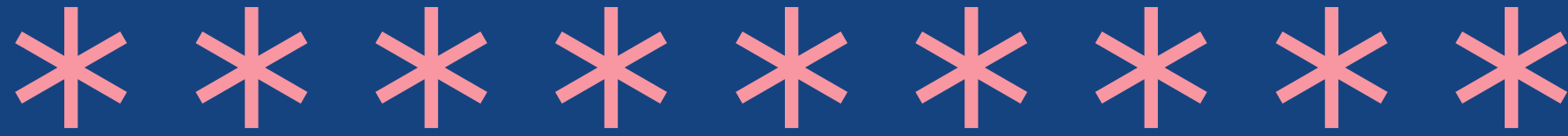$$\$4.49 + \$8.29 + \$3.49 + \$3.29 = \$19.56$$

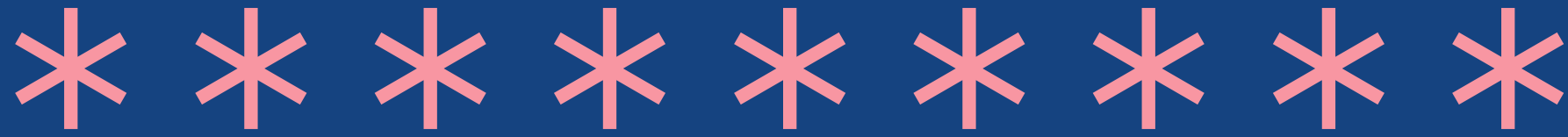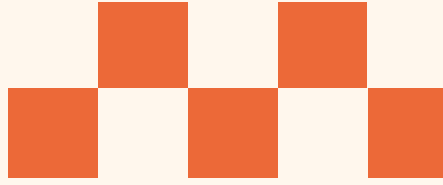$$\$19.56 \times 1.13 = \$22.10$$

∴ The groceries will cost $22.10.

4. Jake is out for dinner in Saskatchewan (sales tax is 11%). He ordered a cheeseburger ($14.99 plus tax) and an iced tea ($2.99 plus tax). How much will this cost?

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4. Jake is out for dinner in Saskatchewan (sales tax is 11%). He ordered a cheeseburger ($14.99 plus tax) and an iced tea ($2.99 plus tax). How much will this cost?

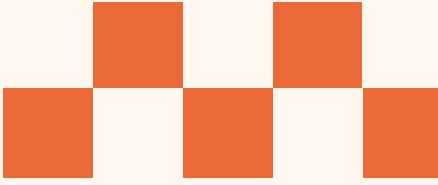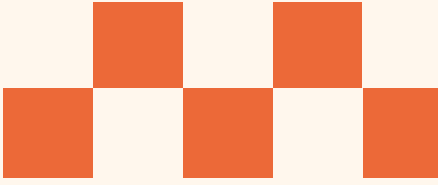$$\$14.99 + \$2.99 = \$17.98$$

$$\$17.98 \times 1.11 = \$19.96$$

∴ Jake's meal will cost him $19.96.

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5. Thanh would like to buy a new desk chair that costs $159.99 plus tax. How much will Thanh have to pay?

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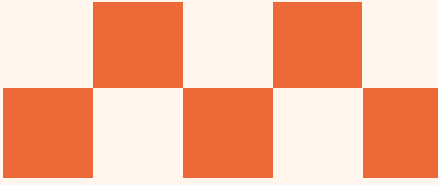5. Thanh would like to buy a new desk chair that costs $159.99 plus tax. How much will Thanh have to pay?

$$\$159.99 \times 1.13 = \$180.79$$

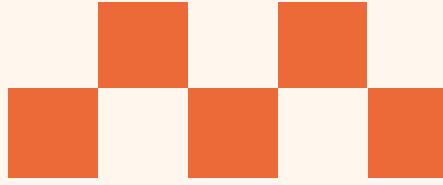∴ Thanh's new desk chair will cost $180.79.

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6. How much money will Salma need to save
for a new bike if it costs $499.99 plus tax?

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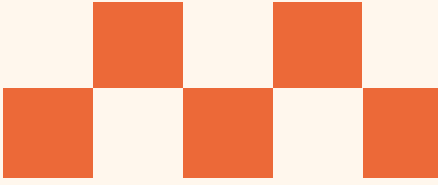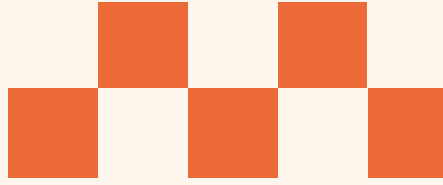
$$\$499.99 \times 1.13 = \$564.99$$

∴ **Salma will have to save $564.99.**

7. Li is shopping for skis in Alberta (sales tax is 5%). The skis cost $749.00 plus tax, and the poles cost $99.99 plus tax. How much will this all cost?

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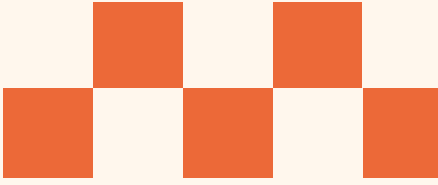$749.00 + $99.99 = $848.99

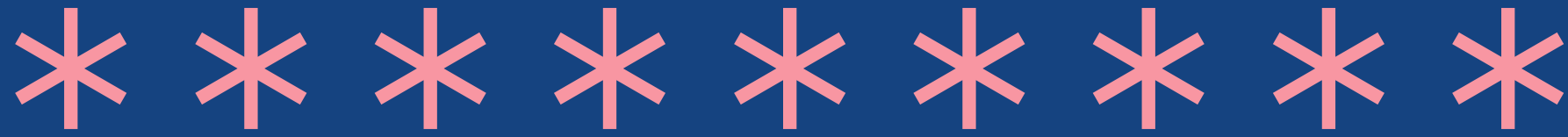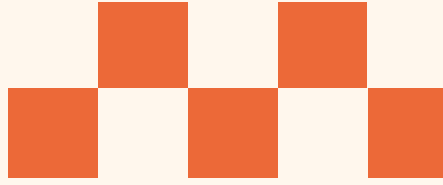$848.99 x 1.05 = $891.44

∴ The skis and poles will cost $891.44.

8. Abdul wants to buy a new painting set. His new brushes will cost $99.08 plus tax, new paints will cost $74.99 plus tax, and a new canvas will cost $84.47 plus tax. How much will it all cost?

8. Abdul wants to buy a new painting set. His new brushes will cost $99.08 plus tax, new paints will cost $74.99 plus tax, and a new canvas will cost $84.47 plus tax. How much will it all cost?

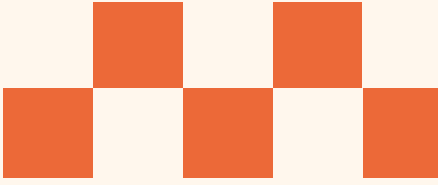$99.08 + $74.99 + $84.47 = $258.54

$258.54 x 1.13 = $292.15
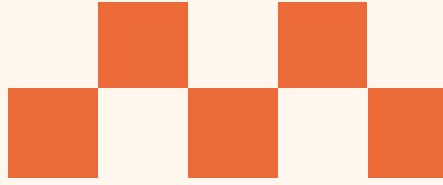
∴ Abdul's new painting set will cost $292.15.

9. Inez will need to buy her dog some new dog food. A bag costs $47.99 plus tax. If Inez has $60, can she also buy her dog a new toy for $4.99?

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9. Inez will need to buy her dog some new dog food. A bag costs $47.99 plus tax. If Inez has $60, can she also buy her dog a new toy for $4.99?

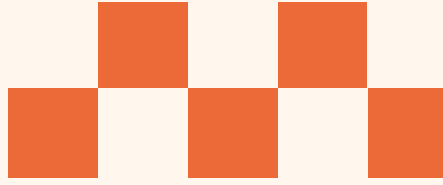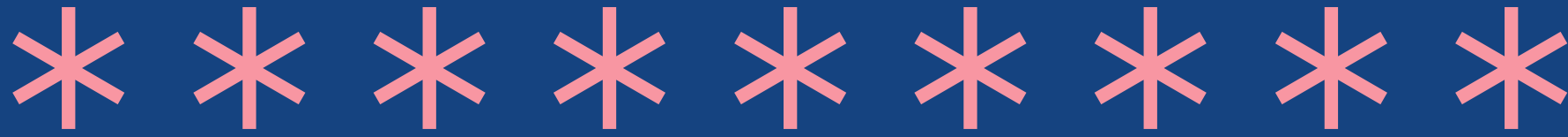$$\$47.99 + \$4.99 = \$52.98$$
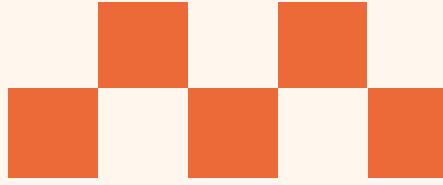
$$\$52.98 \times 1.13 = \$59.87 < \$60.00$$

$\therefore$ **Inez will be able to buy her dog a new toy.**

10. Roberto is saving up $20 a week to buy a new computer for $550.00 plus tax. How long will he have to save?
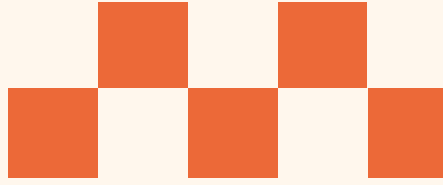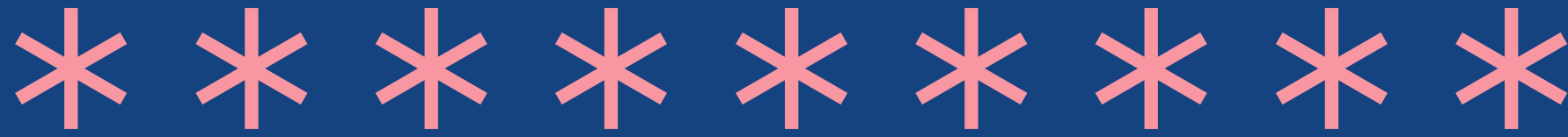
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10. Roberto is saving up $20 a week to buy a new computer for $550.00 plus tax. How long will he have to save?

$$\$550.00 \times 1.13 = \$621.50$$

$$\$621.50 \div \$20 = 31.08$$
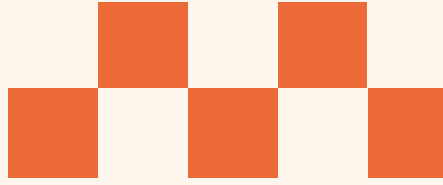
∴ Roberto will need to save up for 32 weeks.

11. Iga has $10. A chocolate chip cookie costs
$3.00 plus tax. How many cookies can she buy?

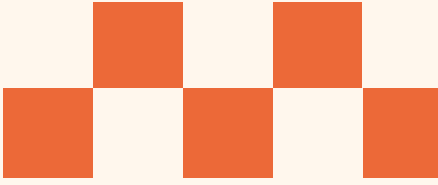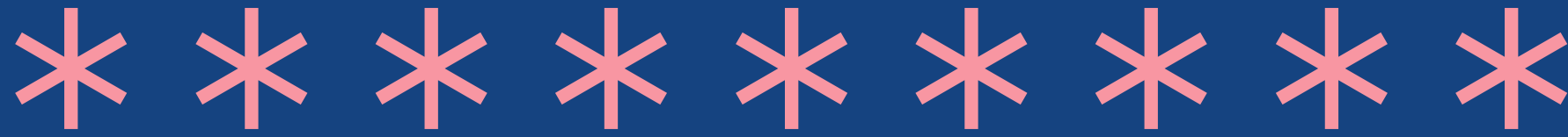11. Iga has $10. A chocolate chip cookie costs $3.00 plus tax. How many cookies can she buy?

$$\$3.00 \times 1.13 = \$3.39$$

$$\$10.00 \div \$3.39 = 2.95 < 3$$

∴ Iga can afford two cookies.

12. Lucia is replacing her kayak. She lives in Lake Louise, Alberta (sales tax is 5%). The store in her town sells the kayak she wants for $599.99 plus tax. In Field, British Columbia (sales tax is 12%), a store sells the kayak for $569.99. Where should she buy her kayak?
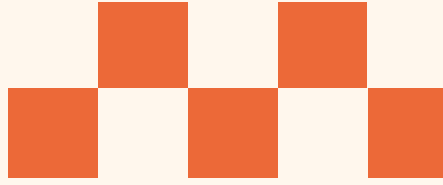
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12. Lucia is replacing her kayak. She lives in Lake Louise, Alberta (sales tax is 5%). The store in her town sells the kayak she wants for $599.99 plus tax. In Field, British Columbia (sales tax is 12%), a store sells the kayak for $569.99. Where should she buy her kayak?

Alberta: $599.99 x 1.05 = $629.99

British Columbia: $569.99 x 1.12 = $638.39

∴ **Lucia should buy her kayak in Lake Louise.**