

FMP10

Net Income

Name_____

Jane, in BC, has a gross income of \$2415 semi-monthly. Each pay period she contributes \$250 to a RPP, \$50 in professional dues, and \$40 to a medical plan. Find her net annual income if she has basic personal tax credits of \$7250.

Annual:

- 1) CPP 3.2% of annual gross minus \$3500
- 2) EI 2.7% of annual gross
- 3) Annual taxable income = gross annual – tax-exempt deductions
- 4) Federal tax using table
- 5) Tax credits = basic personal tax credit + CPP + EI
- 6) Basic Federal Tax = federal tax – 17% of tax credits
- 7) Provincial tax
- 8) Total deductions = total tax + CPP + EI + other deductions
- 9) Net annual income = Gross annual income – total deductions