/10 Net Income Problem #1 Name KEY

Jack earns a gross income of $2600 bi-weekly. Each pay period he contributes $250 to an RRSP and $20 to a medical plan. If he lives in Manitoba and has a basic personal tax credit of $8152.20, find his net annual income.

Annal gross = (2600)(26) = \$ 67600

RRSP = (250)(26) = $\boxed{\$6500}$

medical = (20)(26) = $\boxed{\$520}$

① CPP = (.032)(67600 − 3500)

= 2051.20 ⇒ $\boxed{\$1068.80}$

② EI = (.027)(67600) = \$ 1825.20 ⇒ $\boxed{\$1053}$

③ Annual Taxable = 67600 − 6500 = \$ 61100

④ Federal Tax

(.17)(29590) + (.26)(29590) + (.29)(61100 − 59180)

\$ 13280.50 1920

⑤ Tax Credits

8152.20 + 1068.80 + 1053 = \$ 10274

⑥ Basic Federal

= 13280.50 − .17(10274)

1746.58

= $\boxed{\$11533.92}$

⑦ Provincial

(0.52)(11533.92) = $\boxed{\$5997.64}$

⑧ total deductions = 11533.92 + 5997.64 + 1068.80 + 1053 + 6500 + 520

= \$ 26673.36

⑨ Net = 67600 − 26673.36

= $\boxed{\$40,926.64}$

Net Income Problem #2 Name KEY ✓ 10

Jill works 35 hours a week and makes \$17.50 an hour. She lives in BC and has a basic personal tax credit of \$6456. Calculate her annual net income.

Annual $35(17.50)(52) = \$31850$

① CPP $= 0.032(31850 - 3500)$
$= 0.032(28350) = \boxed{\$907.20}$

② EI $= 0.027(31850)$
$= \boxed{\$859.95}$

③ Taxable Income $= \$31850$ (all)

④ federal tax $= (0.17)(29590) + (0.26)\underbrace{(31850 - 29590)}_{2260}$
$= \underline{\$5617.90}$

⑤ tax credits $= 6456 + 907.20 + 859.95$
$= \underline{\$8223.15}$

⑥ Basic Federal tax $= \$5617.90 - (.17)(8223.15)$
$= \boxed{\$4219.96}$

⑦ Provincial tax $= (0.505)(4219.96)$
$= \boxed{\$2131.08}$

⑧ total deductions $= 4219.96 + 2131.08 + 859.95 + 407.20$
$= \underline{\$8118.19}$

⑨ Net Income $= 31850 - 8118.19$
$= \boxed{\$23731.81}$

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Net Income Problem #3 Name KEY

Jack earns $730 weekly and each pay period contributes $4 in union dues and $4 for a dental plan. He lives in Alberta and has a basic personal tax credit of $7250. Calculate his annual net income.

Annual: $730(52) = \underline{37960}$
$4(52) = 208$
$4(52) = 208$

① CPP = $0.032(37960 - 3500)$
$= 1102.72 \Rightarrow \underline{\$1068.80}$

② EI = $0.027(37960) = \underline{\$1024.92}$

③ Taxable = $37960 - 208 = \underline{\$37752}$

④ Federal Tax = $.17(29590) + .26(\underbrace{37752 - 29590}_{8162})$
$= \underline{\$7152.42}$

⑤ credits = $7250 + 1068.80 + 1024.92 = \underline{\$9343.72}$

⑥ BFT = $7152.42 - .17(9343.72)$
$= \underline{\$5563.99}$

⑦ Prov Tax = $0.455(5563.99)$
$= \underline{\$2531.62}$

⑧ deductions = $5563.99 + 2531.62 + 1068.80 + 1024.92 + 208 + 208$
$= \underline{\$10605.33}$

⑨ Net = $37960 - 10605.33$
$= \boxed{\$27354.67}$

Net Income Problem #4 Name KEY

Jill earns 2850 bi-weekly and each pay period contributes $50 in professional dues, $25 for a medical/dental plan, and $250 to an RRSP. She lives in BC and has a basic personal tax credit of $8750. Calculate her annual net income.

(1) Annual 2850 × 26 = 74,100

Dues = 50 × 26 = 1300

Plan = 25 × 26 = ~~550~~ 650

RRSP = 250 × 26 = 6500

(2) CPP = .032(74100 − 3500)

= 2259.20 ⇒ 1068.80

(3) EI = .027 (74,100)

= ~~2000.70~~ ⇒ 1053

(4) Annual Taxable = 74100 − 1300 − 6500

= 66300

(5) Tax = .17(29590) + .26(29590) + .29(66300 − 59180)

7120

= 14788.50

(6) Credits = 8750 + 1068.80 + 1053

= 10871.80

(7) Basic = 14788.50 − .17(10871.80)

= 12940.29

(8) Prov = .505(12940.29)

= 6534.85

(9) Total Ded = 12940.29 + 6534.85 + 1068.80 + 1053 + 1300 + 650 + 6500

= 30046.94

(10) Net = 74100 −

$\boxed{\$44053.06}$