

Sample Test Questions
(with suggested answers in bold)

- Q Which act gave the federal government unlimited powers of taxation?
- A ***The Constitution Act of 1867.***
- Q How did the government propose to pay the expenses that were incurred during the First World War, and how does that relate to today's tax situation?
- A **The government proposed to pay the expenses of the war by enforcing the *Income War Tax Act*, which stated that taxes would be paid by corporations and individuals based on their income. These taxes were considered a temporary measure, and they have continued ever since.**

Match the terms in Column 1 with the definitions in Column 2

Column 1	Column 2
<u>d</u> head tax	a. a tax paid to use a facility or service, such as the toll charged for using a bridge or road
<u>h</u> income tax	b. a tax on the value of property when it changes ownership, such as when land is transferred under certain conditions
<u>f</u> wealth tax	c. a tax usually applied on imported goods to make domestic goods more competitively priced
<u>a</u> user tax	d. a flat tax imposed on a specific group of taxpayers. For instance, everyone over a certain age has to pay an amount of tax.
<u>g</u> commodity tax	e. a value-added tax, or a multi-stage sales tax, applied on the value of a product as it moves through the stages of production and distribution.
<u>c</u> duty	f. a tax on a taxpayer's accumulated capital, such as a tax on capital gains and succession duties
<u>b</u> transfer tax	g. a tax, such as a sales tax, on the consumption of products.
<u>e</u> business transfer tax	h. a tax on the income of a person or a corporation

Q Define the self-assessment system.

A **Canadian residents and non-residents with Canadian income are responsible for making sure they have paid their taxes according to the law. In other words, it is your responsibility to pay your taxes, not the government's responsibility to collect them.**

Q Do you require a social insurance number (SIN) to file an income tax return? If so, how do you get one?

A **Yes, to file a tax return, you need a SIN. Also, you have to give your SIN to anyone who prepares a tax information slip (such as a T4 slip) for you. If you do not have a SIN, you can apply for one through any Canada Employment Centre.**

Q The Declaration of Taxpayer Rights was introduced in February 1985. One of the rights contained in the declaration states:

People have the right to expect that any information they give will be kept confidential. This is one of the underlying principles of the Canadian tax system.

Why is the aspect of confidentiality so important to taxpayers?

A **Individuals generally prefer to keep confidential information concerning their financial records. They consider this information personal, such as the amount of money they make each year.**

Q Tony said, “I never file a tax return, because I don't have any taxes to pay.” What is wrong with this statement.

A **A person has to file a return only if they owe tax or are specifically asked to file a return by Revenue Canada, have to contribute to the Canada Pension Plan on self-employed earnings, or sold or disposed of capital property. However, if Tony wishes to claim a refund or refundable tax credits or apply for the GST credit, he needs to file a return.**

Q Where are our tax dollars spent? List as many categories as you can think of.

A

- revenue for government operations
- research
- transportation
- housing
- health and welfare
- defence
- culture and recreation
- foreign aid
- economic development

**Sample to be used to complete personal income tax returns
(with key)
High School Student**

You are an 18-year-old high school student (born July 15, 1976). You are single and live at home with your parents. During the year, you worked part-time at Carl's Car Wash and Bob's Bookstore.

You also received interest of \$250 from your savings account at the bank.

In February 1995, you receive the attached information slips.

Based on the information given, prepare your 1994 tax return.

Revenue Canada		Revenu Canada		T4 - 1994 Supplémentaire Supplémentaire		STATEMENT OF REMUNERATION PAID ÉTAT DE LA RÉMUNÉRATION PAYÉE		9160631					
14) Employment income before deductions 2800:00 Revenus d'emploi avant retenues	16) Employee's CPP contributions 48:00 Cotisations de l'employé au RPC	17) Employee's QPP contributions 48:00 Cotisations de l'employé au RRQ	18) Employee's UI premiums 48:00 Cotisations de l'employé à l'A-C	20) Registered pension plan contributions 80:30 Cotisations à un régime de pension agréé	22) Income tax deducted 1600:00 Impôt sur le revenu retenu	24) UI insurable earnings 1600:00 Gains assurables d'A-C	26) Pensionable earnings 1600:00 Gains donnant droit à pension	28) Exempt CPP/AC - Exemption	29) Exempt AC - Exemption				
<small>Note: 14 amount already includes any amount in boxes 30, 32, 34, 36, 38, 40, and 42. Le montant de la case 14 comprend déjà les montants des cases 30, 32, 34, 36, 38, 40 et 42.</small>													
33) Housing, board and lodging Logement, pension et repas		34) Travel in designated area Voyage dans une région désignée		35) Personal use of employer's auto Usage personnel de l'auto de l'employeur		36) Interest-free and low-interest loan Prêts sans intérêt ou à faible intérêt		38) Stock option benefits Avantages tirés d'une option d'achat d'actions		40) Other taxable allowances and benefits Autres allocations et avantages imposables		42) Employment commissions Commissions d'emploi	
24) Union dues Cotisations syndicales		26) Charitable donations Dons de bienfaisance		30) Pension plan or DPSP registration number Numéro d'enregistrement d'un RPOB ou d'un régime de pension		32) Pension adjustment Facteur d'équivalence		10) Province of employment Province d'emploi		12) Social insurance number Numéro d'assurance sociale		<small>If your social insurance number is not shown in box 12, see the back of this slip. Si votre numéro d'assurance sociale ne figure pas dans la case 12, reportez-vous au verso de ce feuillet.</small>	
Employee's name and address - Nom et adresse de l'employé				Employer's name - Nom de l'employeur									
Surname (in capital letters) Nom de famille (en lettres majuscules)		First name Prénom		Initials Initiales		Bob's Bookstore				Employee no. - N° de l'employé			
→ YOUR SURNAME, FIRST NAME		YOUR ADDRESS											
Footnotes - Notes :													
For English information see back of copy 2 Renseignements en français : verso de la copie 3 2													



T1 GENERAL 1994

Federal and Ontario Individual Income Tax Return

Step 1 - Identification

Attach your Identification label here. Correct any wrong information. If you did not receive one, print your name and address below.

First name and initial
YOUR FIRST NAME

Last name
YOUR LAST NAME

Address
YOUR ADDRESS

City
YOUR CITY

Province or territory
YOUR PROVINCE OR TERRITORY

Postal code
Y1P1K1R1

Enter your province or territory of residence on December 31, 1994:
YOUR

If you were self-employed in 1994, state the province or territory of self-employment:

If you became or ceased to be a resident of Canada in 1994, give the date of:
 Entry Day Month or departure Day Month

Enter the social insurance number only if the number is not shown on the label, or if you are not attaching a label:
 Yours: YOUR SIN

Your spouse's: _____
 A spouse may include a common-law spouse; see the guide.

Your date of birth: 15 / 07 / 1976

Check the box that applies to your marital status on December 31, 1994:
 1 Married 2 Living common-law 3 Widowed
 4 Divorced 5 Separated 6 Single

Name of your spouse:

If the individual is deceased, give the date of death: Day Month Year
19

Do not use this area

Step 2 - Goods and services tax (GST) credit application

(See Step 2 in the guide to find out if you should apply.)

Are you applying for the goods and services tax credit? Yes 1. No 2.

If yes, enter the number of children under age 19 on December 31, 1994 (if applicable)

If yes, enter your spouse's net income from line 236 of your spouse's return (if applicable)

Step 3 - Total income

Employment income (box 14 on all T4 slips)	101	<u>5800</u>	<u>00</u>
Commissions (box 42 on all T4 slips)	102		
Other employment income (see line 104 in the guide)	104		
Old Age Security pension (box 18 on the T4A(OAS) slip)	113		
Canada or Quebec Pension Plan benefits (box 20 on the T4A(P) slip)	114		
Disability benefits included on line 114 (box 16 on the T4A(P) slip)	152		
Other pensions or superannuation (see line 115 in the guide)	115		
Unemployment insurance benefits (box 14 on the T4U slip)	119		
Taxable amount of dividends from taxable Canadian corporations (attach a completed Schedule 4)	120		
Interest and other investment income (attach a completed Schedule 4)	121	<u>250</u>	<u>00</u>
Net partnership income: limited or non-active partners only (attach a completed Schedule 4)	122		
Rental income	Gross 160		Net 126
Taxable capital gains (attach a completed Schedule 3)	127		
Alimony or maintenance income	128		
Registered retirement savings plan income (from all T4RSP slips)	129		
Other income (see line 130 in the guide)	Specify: 130		
Business income	Gross 162		Net 135
Professional income	Gross 164		Net 137
Commission income	Gross 166		Net 139
Farming income	Gross 168		Net 141
Fishing income	Gross 170		Net 143
Workers' Compensation payments (box 10 on the T5007 slip)	144		
Social assistance payments (see line 145 in the guide)	145		
Net federal supplements (box 21 on the T4A(OAS) slip)	146		
Add lines 144, 145, and 146.	147		
Add the amounts on lines 101, 104 to 143 inclusive, and 147. This is your total income.		150	<u>6050</u>

Do not use this area	605					600			
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5006-R

Before you mail your return, make sure you have attached here all required information slips, completed schedules, receipts, and corresponding statements.

Step 5 – Non-refundable tax credits

Basic personal amount	Claim \$6,456.00	300		6456	00
Age amount (if you were born in 1929 or earlier, see line 301 in the guide)		301			
Spousal amount (see line 303 in the guide)					
Complete the following calculation:					
Base amount	\$ 5,918				00
Subtract your spouse's net income					
Spousal amount (if negative, enter "0") (maximum claim \$5,380)		▶ 303			
Equivalent-to-spouse amount (attach a completed Schedule 5) (maximum claim \$5,380)		305			
Amounts for infirm dependants age 18 or older (attach a completed Schedule 6)		306			
Canada or Quebec Pension Plan contributions					
Contributions through employment from box 16 and box 17 on all T4 slips (maximum \$806.00)		308			
Contributions payable on self-employment earnings (attach a completed Schedule 8)		310			
Unemployment Insurance premiums from box 18 on all T4 slips (see line 312 in the guide)		312		152	00
Pension income amount (maximum \$1,000; see line 314 in the guide)		314			
Disability amount (claim \$4,233; see line 316 in the guide)		316			
Disability amount transferred from a dependant other than your spouse		318			
Tuition fees		320			
Education amount		322			
Tuition fees and education amount transferred from a child		324			
Amounts transferred from your spouse (attach a completed Schedule 2)		326			
Medical expenses (see line 330 in the guide; attach receipts)		330			
Subtract 3% of line 236, or \$1,814, whichever is less					
Subtotal					
Subtract medical expenses adjustment (see line 331 in the guide)		331			
Allowable portion of medical expenses (if negative, enter "0")		▶ 332			
Add lines 300 through 326 and line 332 (if this total is more than line 260, see line 335 in the guide)		335		6568	00
Multiply the amount on line 335 by 17% (or use Table A) = 338					
Charitable donations (maximum 20% of line 236; attach receipts)		340			
Gifts to Canada or a province (attach receipts)		342			
Total donations (add lines 340 and 342)		344			
Enter the amount from line 344, to a maximum of \$200		345			
Subtract line 345 from line 344					
Multiply this amount by 17% = 346					
Multiply this amount by 29% = 348					
Add lines 338, 346, and 348. These are your total non-refundable tax credits. 350					

Module Learner Expectations: The student will demonstrate efficient use of designated small business accounting software. The student will demonstrate appropriate workstation management procedures.

Criteria and Conditions: Assessment of student achievement should be based on completing a software tutorial that incorporates the setup, input and output of data, and workstation management, including a presentation that discusses a comparison of manual and automated procedures.

TASK	OBSERVATION/RATING					
Setup	4	3	2	1	0	N/A
Input	4	3	2	1	0	N/A
Output	4	3	2	1	0	N/A
Presentation	4	3	2	1	0	N/A
Workstation Management	4	3	2	1	0	N/A

STANDARD IS 2 IN EACH APPLICABLE TASK

RATING: (*italics* are optional)

The student:

- 4 exceeds defined outcomes. Plans and solves problems effectively and creatively in a self-directed manner. Tools, materials and/or processes are selected and used efficiently, effectively and with confidence. Quality, particularly details and finishes, and productivity are consistent and exceed standards. *Leads others to contribute team goals.*
- 3 meets defined outcomes. Plans and solves problems in a self-directed manner. Tools, materials and/or processes are selected and used efficiently and effectively. Quality and productivity are consistent. *Works cooperatively and contributes ideas and suggestions that enhance team effort.*
- 2 meets defined outcomes. Plans and solves problems with limited assistance. Tools, materials and/or processes are selected and used appropriately. Quality and productivity are reasonably consistent. *Works cooperatively to achieve team goals.*
- 1 meets defined outcomes. Follows a guided plan of action. A limited range of tools, materials and/or processes are used appropriately. Quality and productivity are reasonably consistent. *Works cooperatively.*
- 0 has not completed defined outcomes. Tools, materials and/or processes are used inappropriately.

N/A Not Applicable

COMMENTS

TASK CHECKLIST

The student is able to:

Set Up

- load the program efficiently
- use appropriate keystrokes to move between modules
- adjust integration accounts to reflect the needs of the business
- create, modify, delete ledger accounts (including historical data)
- set the system ready (including precautionary backup)
- discuss and demonstrate data security and safety precautions

Input

- input day-to-day transactions in an efficient manner
- input specialized transactions in an efficient manner (i.e., partial payments, prepayments, correcting entries, bad debts)

Output

- produce financial statements, schedules, and reports in an efficient manner
- prepare for next reporting period
- print out appropriate reports

Presentation (written, oral or audio-visual)

- list the advantages and disadvantages of computerized accounting vs. manual accounting (i.e., posting, closing entries, finding errors)
- compare manually generated and computer generated financial statements (e.g., post-closing trial balance)

Workstation Management

- appropriately adjust monitor, keyboard, desk, chair and other equipment to ensure workstation environment is ergonomically appropriate, comfortable and efficient to work
- maintain good body posture to avoid health hazards
- ensure safe and secure handling of hardware, software and supplies
- maintain an organized, neat workstation