

Chapter 1

All About Taxation

Learning Objectives

At this chapter's end
students will understand:

- The history of taxation
- How tax dollars are raised and disbursed
- The role of the Canada Revenue Agency
- A taxpayer's filing options
- Taxpayer responsibilities
- How to get information to help you file a tax return
- How to access and use CRA electronic services

Additional Resources

This document provides numerous resources to accounting professionals. Refer to these sites to explore additional training opportunities

[Professional Accounting Software](#)

[Tax Preparation & efilings
Return Software](#)

[Professional Tax Software Training](#)

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Introduction

Intuit ProFile Tax software is reliable and easy-to-use, and it offers sophisticated features that help tax preparers experience a more productive tax season. The following paragraphs summarize the key components of Intuit ProFile Professional Tax software

ProFile T1 imports and converts data created by competing software products. Whether you carry files forward individually or in batches, you will find the process quick and convenient. Using ProFile's WYSIWYG (what you see is what you get) forms, you can view and edit federal T1 and Québec TP1 forms in either French or English. You can also print all tax forms in either language at the click of a button.

ProFile T2 is designed for professional preparation of corporate tax returns in all provinces and territories. ProFile T2 includes:

- Federal T2 returns, including T2 RSI (for 2006-2009 and earlier) and Corporation Internet Filing
- Provincial corporate tax returns for Alberta (including AT1 RSI), for Ontario returns with taxation years ending prior to January 1, 2009 (including CT23 disk filing) and for Quebec (CO-17).
- Provincial capital tax returns for Manitoba, Saskatchewan and British Columbia

ProFile T3 prepares Trust income tax returns and supporting schedules, including T3 and T5 slips that the trust receives. Simply enter slip information on intuitive income-reporting screens and ProFile T3 automatically transfers the amounts to the appropriate forms. ProFile T3 also integrates business and rental income statements. In addition to T3 slips, the software allows you to prepare NR4 slips for non-resident taxpayers (including the NR4 summary).

ProFile FX (Forms Expert) gives you more than 80 of the most commonly-used CRA forms which supplement the form-sets in Intuit's other tax applications. Here are a few highlights of ProFile FX:

- Customizable options help you complete and file the forms you need.
- Automatic form selection facilitates form printing.
- Audit and review features help pinpoint potential errors
- Forms flexibility lets you print facsimile forms on plain paper or directly onto pre-printed CRA forms. ProFile FX also prepares magnetic media files for T4, T4A, T5, T5018 and NR4 slips, as well as for the RL1, RL2, RL3 and RL4.
- Import identification from an existing ProFile T1 or T2 data file minimizes potential data entry errors.

Benefits of Using ProFile

ProFile is powerful, efficient and secure tax software that helps you get your work done fast and efficiently.

- With phone, email or in-product live chat support, you have year-round access to knowledgeable Canadian technical experts
- With its comprehensive set of forms and schedules, ProFile lets you handle just about every tax scenario in any jurisdiction, including Québec
- With a built-in auditor that runs up to 2,800 diagnostic checks of your tax returns, ProFile has your back
- Flexible Licensing means you can install ProFile on more than one personal computer without having to pay additional licensing fees
- Work with QuickBooks? So does ProFile! you can now export data from QuickBooks directly into ProFile

Plus, with ProFile you enjoy a consistent level of advanced features that include:

- Customizable client correspondence
- Database queries and reporting
- Online tools to quickly and easily stay in touch with your clients

What are Taxes?

Taxes are a mandatory payment made by individuals and corporations to government. Tax is levied upon various transactions that include income, property, and sales. Taxes are used to support the government, and the programs and services it provides.

Different levels of government collect tax. For example, in Canada individuals pay:

- federal taxes used for programs such as National Defence, Old Age Security, Canada child tax benefit, and transfers to provinces and territories
- provincial and territorial taxes used for services such as bridges and highways, education, hospitals, and wildlife conservation, and
- municipal taxes for services such as police, ambulance and fire services, libraries, parks and playgrounds, public transportation, and garbage and recycling collection

Without a tax system, government would not have the revenue it needs to provide key services. Citizens support the tax system by paying their fair share of taxes. In return, they benefit from the programs and services provided by the government.

How are your tax dollars spent?

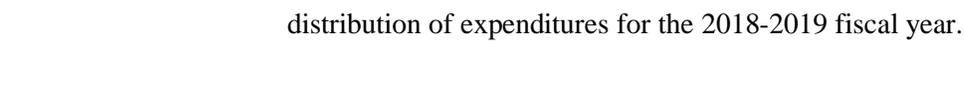
Many of the benefits you enjoy today are made possible through taxes. The government collects taxes to pay for the facilities, services, and programs that it provides. Canada's tax system contributes to programs and disbursements that include:

- roads
- public utilities
- education
- health care
- economic development
- cultural activities
- defence
- law enforcement, and
- other programs and services

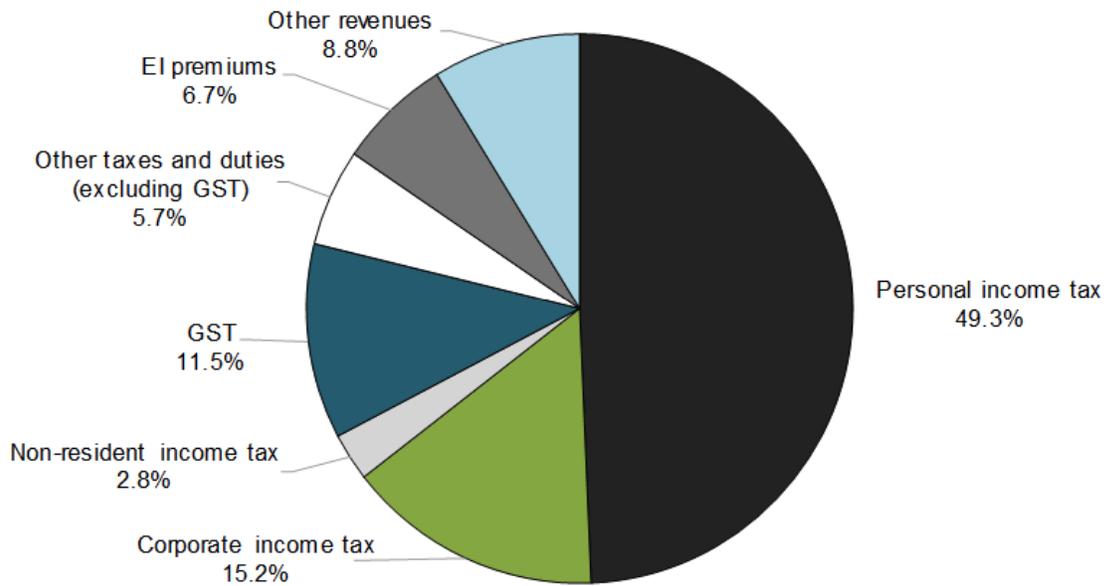
Tax revenue also helps redistribute wealth to benefit lower-income families, students, seniors, and people with disabilities. Tax revenue funds social programs such as:

- old age security
- employment insurance
- Canada child benefit
- universal child care benefit, and
- working income tax benefit

The tax system also supports businesses and boosts the economy in other ways.

Here is the  distribution of expenditures for the 2018-2019 fiscal year.

Composition of Revenues for 2018-19



Note: Numbers may not add to 100% due to rounding.
Source: *Public Accounts of Canada*.

More information on government expenditures for 2018-2019 is contained in the Annual Financial Report of the Government of Canada. https://www.fin.gc.ca/afr-rfa/2019/report-rapport-eng.asp#_Toc525903642

Characteristics of a tax system

A tax system is defined by six characteristics:

1. the source (who pays the tax)
2. the tax base
3. the rates to be applied to the base
4. general exemptions
5. general deductions, and
6. other measures, such as how tax is to be paid

These characteristics determine how much revenue is produced, how fair the tax system is, and its ability to produce economic growth.

A tax system needs to benefit all, and it should be flexible, so the government can use it to achieve specific social and economic objectives. Finally, the process for administering the tax system has to be practical, efficient and fair.

In Canada, the federal government follows these guidelines when it develops new tax legislation:

- **Fairness** - the tax system needs to ensure that all taxpayers share the tax burden equally. People with similar financial circumstances should receive the same tax treatment. In other words, all high-income earners whether they are individuals or corporations, should pay their fair share of tax. Also, similar products should be subject to the same rate of sales tax
- **Stability** - the federal government needs a stable and dependable source of tax revenue, so it can manage the country's economy
- **Canadian priorities** - the tax system helps meet the national/provincial/territorial and economic needs that are priorities for most Canadians
- **Consultation** - the federal government is committed to consulting Canadians before making final legislative proposals for tax amendments

Canada's tax system has evolved over many years to accommodate the needs of an increasingly complex society. However, the guiding principle has always been the same: our elected Parliament must have ultimate control over tax legislation.

Canada's tax system is based on the self-assessment principle, which means that taxpayers complete their tax return each year to report their income and to calculate whether they owe tax or receive a refund. It is considered the most economical and efficient way to collect income tax.

An abridged history of tax

Many people assume that taxes are a recent development and that our ancestors did not have to pay them. This, however, is not the case.

Of course, in the past, people did not always pay with money. Instead, most paid their tax bill with goods they produced or raised, such as grain, fish, minerals, or animals.

History of taxes in the world

Tax as we know it today, existed in various forms in different societies throughout civilization. Kings, queens, chiefs, rulers, and people in authority were responsible for imposing and collecting taxes from the people they ruled. What was taxed, when it was taxed, and how much tax was imposed varied from society to society.

The French and Latin of the 13th century were credited with the first use of a word similar to tax. The French had *Taxer* and the Latin used *Taxare* to describe the following tasks: to estimate, to assess, or to access repeatedly.

Canadian taxation before Confederation

The colonial governments collected taxes and sent them to the two mother countries, England and France. The colonial governments usually collected revenue by charging customs duties. In 1650, Louis XIV of France imposed the first recorded tax in Canadian history – an export tax of 50% on beaver pelts and 10% on moose hides that were leaving his colonies.

In 1867 *The British North America Act* was passed, allowing the Canadian government to raise money by taxation. Over the next 50 years, the federal government used only indirect taxes such as customs duties and excise taxes to raise the money it needed. Direct taxation was only levied in the four Canadian provinces of Ontario, Quebec, Nova Scotia, and New Brunswick.

The Fathers of Confederation divided the governmental responsibilities of this new country between the federal and provincial governments. The most expensive areas of responsibility – railways, roads, bridges, and harbours – were the responsibility of the federal government. The provincial governments were responsible for education, health, and welfare.

Canadian taxation after Confederation

On August 4, 1914 Britain declared war on Germany and, as a British colony, Canada joined Britain in the Great War. The pressures of financing World War I soon brought major changes to the Canadian tax system.

In 1916 the Canadian government used a new method of direct taxation by imposing a corporation tax known as the business profit war tax. It affected corporations only if their profits were more than a certain percentage of their invested capital. Although this was not income tax as we know it today, it was a milestone in the history of Canadian taxation.

It was in 1917 that the federal government, led by Sir Robert L. Borden, introduced the *Income War Tax Act*. "I have placed no time limit upon this measure . . . a year or two after the war is over, the measure should be definitely reviewed," stated Sir Thomas White, Minister of Finance.

In July 1917, the federal government imposed a general tax on corporate and personal income that was collected by the Department of Finance.

Other key changes to the Canadian tax system included:

1927 - The Department of National Revenue was created.

1952 - For the first time, the Department of National Revenue became involved in an area other than income tax when it began to collect old age security tax on personal and corporate income. The department assessed this tax under the *Old Age Security Act*.

January 1, 1991 - The federal government replaced the federal sales tax with the goods and services tax (GST).

May 2007 - The Government of Canada introduced the Taxpayer Bill of Rights, which outlines what a taxpayer can expect from the CRA.

Common Canadian taxes

In Canada, there are various taxes, tariffs, and duties. In this section, we will briefly explain the following common Canadian tax and salary deductions:

- income tax;
- employment insurance (EI) premiums;
- Canada Pension Plan (CPP) contributions;
- provincial sales taxes (PST); and
- goods and services tax/harmonized sales tax (GST/HST).

Source deductions

All individuals pay income tax to the federal, provincial, and territorial governments. The amount of income tax is based on the taxable income (total earnings minus allowable deductions) earned during the tax year.

Income tax is collected in various ways. The most common method, commonly called *Source Deductions*, sees employers deduct income tax from _____ pay cheque and remit it directly to the Canada Revenue Agency

If an employee did not have enough tax deducted through source deductions, she may have tax owing when she files her tax return. Individuals who regularly have a balance owing may have to pay their income taxes by instalments.

Employment insurance (EI) provides temporary financial assistance to unemployed Canadians who, through no fault of their own, have lost their job. EI, therefore, assists them while they look for work or upgrade their skills. Canadians who are sick, pregnant, or caring for a newborn or adopted child, as well as those who must care for a family member who is seriously ill with a significant risk of death, may also be assisted by EI.

Like income tax, EI premiums are deducted at source by an employer from _____ wages. In addition to the _____ s also contribute to the EI pool, usually at a rate of 1.4 times the amount deducted from all employees.

The **Canada Pension Plan (CPP)** provides contributors with a stipulated amount when they lose income because of retirement, death, or disability. In the event of death, the plan provides benefits to the contributor's survivors. With very few exceptions, every employed person in Canada over the age of 18 pays into the Canada Pension Plan. CPP, as with income tax and employment insurance, is also deducted by an employer at source. In addition, employers also contribute to CPP at a rate equal to the amount deducted from all employees. For employees in Quebec, the employer deducts Quebec Pension Plan (QPP) contributions instead of CPP contributions.

Refunds

It can happen that an individual is entitled to a refund of the taxes that were deducted at source. Refunds can be triggered if an individual:

- had too much tax withheld during the year
- paid more tax instalments than necessary, or
- is entitled to claim more refundable tax credits than the total taxes paid. Examples of these credits include:
 - Canada Pension Plan (CPP) overpayment;
 - employment insurance (EI) overpayment;
 - working income tax benefit (WITB); and
 - provincial or territorial credits, which vary depending on the province or territory where you live.

In addition to getting a refund, individuals may also want to file an income tax return to receive certain credits and benefits paid throughout the year, or to report amounts that can reduce the amount of tax that must be paid in the future.

Other taxes

Provincial sales tax (PST) is a tax that most provinces levy on the sale of goods and services. PST is generally added to the sales price of an item being purchased. The items that are taxed and the tax rate vary from province to province.

Goods and services tax (GST) is a federal tax that is charged on the sale of most goods and services in Canada at a consistent rate of 5%. It is important to note that the federal government, though, does not tax essentials such as groceries, prescription drugs, residential rent, health care and dental care.

In some provinces, the GST is combined with the PST and the two are collected together at a combined rate. This is known as **harmonized sales tax (HST)**.

About the Canada Revenue Agency (CRA)

The CRA mission is to administer taxation and related programs, and to ensure compliance on behalf of governments across Canada, thereby contributing to the ongoing economic and social well-being of Canadians. It does this by:

- collecting taxes and administering tax laws for the federal government and most provinces and territories
- delivering credit and benefit programs to Canadians such as:
 - Canada child benefit (CCB)
 - goods and services tax/harmonized sales tax (GST/HST) credit, and
 - working income tax benefit (WITB)
- collecting Canada Pension Plan (CPP) contributions and employment insurance (EI) premiums, and
- administering Canada's international tax agreements with other countries

In carrying out its mission, the CRA affects the lives of many Canadians on a daily basis.

Getting information from the CRA

The CRA offers all of its services, (including Internet, telephone, and correspondence services), to Canadians in both official languages.

CRA Web site

The CRA Web site <https://www.canada.ca/en/services/taxes/income-tax.html> is a valuable resource if you need tax information, or information on programs and services.

The best way to navigate the site is to start in the section for Individuals. Menus throughout this section offer information sorted by topic or client group (such as information for students or employees).

Forms and publications

CRA guides, forms, pamphlets, interpretation bulletins, information circulars, and other publications, provide details on tax topics and can help you to understand the tax system. To get forms and publications, go to <https://www.canada.ca/en/revenue-agency/services/forms-publications.html> or call **1-800-959-8281**.

If you are blind or partially sighted, you can get publications in braille, large print, e-text, or MP3 by going to www.cra.gc.ca/alternate. You can also get publications and personalized correspondence in these formats by calling **1-800-959-8281**.

Here are some examples of the programs administered by the Canada Revenue Agency (CRA):

Goods and services tax/harmonized sales tax (GST/HST) credit

The GST/HST credit is a tax-free quarterly payment that helps individuals and families with low or modest incomes offset all or part of the GST or HST that they pay.

If you turn 19 before April 1, 2020, you can apply for this credit on your 2019 income tax and benefit return. You have to file a return to apply, even if you have no income.

Examples of CRA programs

Canada child benefit (CCB)

2016 budget introduced the Canada Child Benefit, a key initiative of the Government to strengthen the middle class and help those working to join it. There is no need to apply if you already receive child benefits, but you and your spouse or common law partner have to file a tax return every year to continue to receive it.

The Canada Child Benefit is:

simple most families receive a single payment every month

tax-free families don't have to pay taxes on payments received when they file their tax returns

targeted to those who need it most low and middle-income families get higher payments, and those with the highest incomes (generally over \$150,000) receive less than under the previous system

generous on average, families benefitting from the CCB receive about \$6,800 in CCB payments annually.

- Find out if you are eligible for benefits and credits

	 Married or common-law with children under 18 years old	 Single with children under 18 years old	 Married or common-law with no children	 Single and 19 or older with no children
Canada child benefit	Yes	Yes	No	No
Goods and services tax/harmonized sales tax (GST/HST) credit	Yes	Yes	Yes	Yes
Provincial and territorial benefits and credits	Yes	Yes	Yes	Yes

Tuition amounts

The tuition, education, and textbook amount is a non-refundable tax credit available to students to reduce the amount of income tax they have to pay.

If you do not have to pay tax, you can carry forward or transfer all or part of your unused tuition, education, and textbook amounts. To carry forward the credit to use in a future year, you must file a tax return and attach a completed Schedule 11.

Registered retirement savings plans (RRSPs)

Money that you contribute to an RRSP can be used to reduce the amount of tax you have to pay.

The amount of RRSP contributions that you can deduct on your tax return is determined by your RRSP deduction limit. This is often called your "contribution room".

The RRSP deduction limit is calculated based on the income you report on your tax return and on the carry-forward of unused amounts from previous years.

You may want to file a tax return to begin building up your RRSP contribution room and have a greater deduction limit available for use in future years.

CRA electronic services

The CRA's electronic services are quick, easy and secure, and they allow you to view, change and manage your personal tax information. Some of the most widely used services are:

Child and family benefits calculators Estimate the amount of CCB, GST/HST credit and other provincial and territorial benefits that you may be entitled to receive.

Direct deposit You can have your income tax refund, CCB, and GST/HST credit deposited directly into your account at your financial institution in Canada.

Electronic payments Make your payment online using the CRA's My Payment service or using your financial institution's telephone or Internet banking services.

My Account This is a secure, convenient, and time-saving way to access and manage your tax and benefit information online, seven days a week. If you are not registered with My Account but need information right away, use Quick Access to get fast, easy, and secure access to some of your information.

Tax Information Phone Service (TIPS) For personal and general tax information by telephone, use the automated service, TIPS, by calling **1-800-267-6999**.

How the CRA gets information

The CRA not only gets information from your tax return, but from other sources as well. Other individuals and organizations have a responsibility to report payments and send deductions to the CRA. They include:

- employers;
- financial institutions;
- other organizations that pay interest or dividends; and
- those making payments to non-residents of Canada.

Compliance with tax laws

The CRA is responsible for collecting taxes owed and for discouraging tax avoidance. To do this, CRA may carry out a more detailed post review after your tax return has been assessed.

Review of your tax return

Each year, the CRA conducts a number of review activities that promote awareness of, and compliance with, the laws it administers. These reviews are an important part of maintaining the integrity of and Canadians' confidence in the Canadian tax system.

Three of CRA review programs are the:

- Pre-assessment review program

- Processing review program, and
- Matching program

Under these programs, CRA compares the information on a tax return to that provided by employers or financial institutions. By reviewing a number of deductions and credits on the return, CRA ensure that various income amounts have been correctly reported.

If the CRA makes changes to your return after a notice of assessment has been sent, they will send you a notice of reassessment that explains any changes.

Filing a Tax Return

If you earned income during the year you have to complete an income tax return and send it to the CRA. Generally, income tax returns are due by April 30, and the CRA begins processing returns in mid-February.

The *Income Tax and Benefit* return is the form you use to report income and to apply for benefits such as the Canada child tax benefit (CCTB), the goods and services tax / harmonized sales tax (GST/HST) credit, and the working income tax benefit (WITB).

The *T1 General, Income Tax and Benefit Return* covers all tax situations. It is available by going to <https://www.canada.ca/en/revenue-agency/services/forms-publications.html>

Filing options

The CRA encourages all Canadians to file their taxes electronically. Electronic filing helps to reduce costs, achieve greater accuracy and faster processing, and it also is environmentally friendly. The CRA's electronic tax-filing services are known as NETFILE and EFILE.

NETFILE is a fast, easy and secure service that allows you to send your return directly to the CRA from mid-February to the end of November using the Internet. Internet-filed returns must be prepared using one of the commercial tax preparation software packages or Web applications certified by the CRA to meet its system requirements.
-approved software package.

EFILE is an automated system that allows registered electronic tax-filing service providers (professional accountants and tax preparers) to send income tax information to the CRA electronically. To use this service, an individual must take her documents to a tax preparation service provider who will prepare the electronic return, and send it to CRA under its EFILE system.

T1 General, Income Tax and Return form, individual taxpayers can also prepare their own tax return and mail it to their CRA tax centre. Because it is a manual process, calculating the correct amounts on the tax return can be a complex process, and the probability of omissions and errors is very high.

Here is *T1 General, Income Tax and Return* as it would appear if it were hand-written. We will explore this form in more detail in Chapter 4.

Protected B when completed

2018

Income Tax and Benefit Return

Step 1 – Identification and other information ON 8

Identification

Print your name and address below.

First name and initial
Marianne

Last name
St-Laurent

Mailing address: Apt No. – Street No. Street name
10 Main St

PO Box _____ RR _____

City **Anytown** Prov./Terr. **ON** Postal code **M5A1A5**

Information about you

Enter your social insurance number (SIN): **44444442**

Enter your date of birth: **19801212**

Your language of correspondence: English Français
 Votre langue de correspondance:

Email address

By providing an email address, you are registering to receive email notifications from the CRA and agree to the Terms of use under Step 1 in the guide.

Enter an email address: **msl@canada.ca**

Is this return for a deceased person?

If this return is for a deceased person, enter the date of death: _____

Information about your residence

Enter your province or territory of residence on December 31, 2018: **Ontario**

Enter the province or territory where you currently reside if it is not the same as your mailing address above: _____

If you were self-employed in 2018, enter the province or territory where your business had a permanent establishment: _____

If you became or ceased to be a resident of Canada for income tax purposes in 2018, enter the date of: _____

entry Month Day _____ or departure Month Day _____

Marital status

Tick the box that applies to your marital status on December 31, 2018:

1 Married 2 Living common-law 3 Widowed
 4 Divorced 5 Separated 6 Single

Information about your spouse or common-law partner (if you ticked box 1 or 2 above)

Enter their SIN: _____

Enter their first name: _____

Enter their net income for 2018 to claim certain credits: _____

Enter the amount of universal child care benefit (UCCB) from line 117 of their return: _____

Enter the amount of UCCB repayment from line 213 of their return: _____

Tick this box if they were self-employed in 2018:

Do not use this area

Elections Canada (For more information, see "Elections Canada" under Step 1, in the guide.)

A) Do you have Canadian citizenship? Yes 1 No 2
 If yes, go to question B. If no, skip question B.

B) As a Canadian citizen, do you authorize the Canada Revenue Agency to give your name, address, date of birth, and citizenship to Elections Canada to update the National Register of Electors? Yes 1 No 2

Your authorization is valid until you file your next tax return. Your information will only be used for purposes permitted under the Canada Elections Act, which include sharing the information with provincial/territorial election agencies, members of Parliament, registered political parties, and candidates at election time.

After you file

It usually takes about four to six weeks to process paper returns and two weeks to process returns filed using NETFILE and EFILE.

After the CRA processes a tax return, the agency will send you a notice of assessment showing any changes or corrections made (such as identifying and correcting a math error). The notice will indicate that you either are entitled to a refund or that you have a balance owing.

If you overpaid your taxes during the tax year, the CRA will issue a refund cheque attached to your notice of assessment, or it will directly deposit the funds into your account at a financial institution in Canada.

On the other hand, if you have a balance owing because you paid less taxes than you should have, and you did not attach the payment to your return when it was filed, the notice of assessment will contain instructions on how to pay the balance owing to avoid any interest charges.

Taxpayer Roles and Responsibilities

As a taxpayer, you have certain obligations. You are responsible for:

- filing an income tax and benefit return by the deadline
- paying the correct amount of tax
- giving the CRA the necessary information to assess your return
- giving the CRA up-to-date information, in order to receive accurate benefits, and to avoid unnecessary delays in sending the benefits, and
- getting help when necessary

Self-assessment

Earlier in this chapter, we learned that Canada has a self-assessment tax system. This means that taxpayers complete their tax return to report their annual income and to calculate whether they owe tax or are entitled to receive a refund.

Under the self-assessment system, Canadian residents and non-residents with Canadian income are responsible for making sure they have paid their taxes according to the *Income Tax Act* (the Act). Income and deductions are listed on the income tax and benefit return so both the taxpayer and the CRA can calculate the taxes the taxpayer has to pay.

In this way, taxpayers can check to make sure they are receiving fair and equal treatment under the Act. At the same time, the CRA can properly administer the tax laws.

Chapter 1 Quiz

Question 1: True or False: Taxes are a new concept and have only been collected since 1950

Question 2: The tax revenue collected by the government is used to:

- A. Transfer funds amongst the provinces
 - B. Pay interest on the public debt
 - C. Pay for programs such as national defence
 - D. All the above
-

Question 3: True or False: Goods and services tax (GST) is applied to all goods and services sold in Canada

Question 4: True or False: If you are 18 years old or over and working, you may have to make contributions to the Canada Pension Plan

Question 5: True or False: The Canada Revenue Agency is responsible for creating all of the tax laws in Canada

Question 6: True or False: If you do not owe income tax, you do not have to file a tax return

Question 7: The various types of taxes include which of the following?

- A. Income tax
 - B. Provincial sales tax
 - C. Federal sales tax
 - D. All the above
-

Question 8: True or False: The term *Source Deductions* is used to describe amounts that employers deduct from their employee pay cheques

Question 9:

- A. Collect taxes and administer tax laws on behalf of the federal government
- B. Deliver credit and benefits programs such GST/HST credits
- C. Collect Canada Pension Plan (CPP) and Employment Insurance (EI) premiums from taxpayers
- D. All the above

Question 10: As a taxpayer, your role and responsibilities include:

- A. Filing an income tax return
- B. Giving CRA the necessary information so that it can accurately assess your tax return
- C. Use a self-assessment method to report and remit the correct amount of tax
- D. All the above

