Unit 2: Filing Income Tax MEL4E

Lesson Outline

BIG PICTURE

Students will:
- Complete a simple personal income tax return with or without tax preparation software (e.g. Quick Tax, www.intuit.ca)
- Gather, interpret, and describe information about applications of the mathematics of personal finance in the workplace and home.

Day	Lesson Title	Math Learning Goals	Expectations
1	Why Taxes? *(lesson included)*	• Brainstorm reasons why we pay taxes generally and income taxes specifically. • Discuss why Canadians are expected to file income tax and its collection and usage. • Discuss *tax-free day* to explore proportion of types of taxes. • Connect with data analysed in Unit 1 (e.g. government expenditures).	P.F.3.1
2	Documentation: Page 1 of the Tax Form *(lesson included)*	• Explore types of information that the government requires and how it relates to the design of the income tax forms. • Identify documents that support the completion of tax forms (e.g. guides) and where to obtain them (general and simplified).	PF3.1, PF.3.2, PF3.6
3	Income: Page 2 of the Tax Form *(lesson included)*	• Interpret and describe information about income contained on a T4 slip. • Connect the income information on the T4 slip with the tax form. • Discuss and complete most likely sources of income on the tax form that are relevant to students based on the community.(e.g. self employment such as baby sitting, grass cutting, Student Welfare, Native Students).	PF3.1, PF3.2, PF3.4
4,5	Exploring Tax Credits *(lessons included)*	• Explore in groups and report on a Tax Credit (Charitable Donations, Medical Expenses, Political Donations, Disability Allowance, Tuition, GST, moving, child care, rental/property tax, etc.).	PF3.1, PF3.2, PF3.3, PF3.4
6	Refund or Payment? Page 3,4 of Tax Form *(lesson included)*	• Discuss and complete, estimating the most likely income deductions and tax credits on the tax form, including schedules that are relevant to students based on the community (e.g. Child Care, Dependents, Native Status, Community- Northern Allowance). • Determine the amount of refund or amount owing and discuss how payment is made.	PF3.1, PF3.2, PF3.3, PF3.4
7	*Consolidation* *(lesson included)*	• Complete the income tax form for a case study to consolidate days 1-6.	PF3.1, PF3.2, PF3.3, PF3.4
8	Business Tax Implications *(lesson included)*	• Use appropriate forms (e.g. T2124 – Business Activities) in the context of case studies, to explore the tax implications of self employment (Note: Share case studies appropriate to student/community).	PF 3.2, PF3.3, PF3.4, PF3.5
9	Income Tax Services	• Gather, interpret, and describe information about services that complete personal income tax returns. • Discuss methods of filing a tax return. • Identify services available to assist with tax returns within the community (Optional: Guest speaker).	P.F3.6, P.F3.7

10, 11	Another Way to Complete Your Tax form *(lessons included)*	• Use students' own data or a variety of case studies to complete income tax returns.	PF3.2, PF3.3, PF3.4, PF3.5, PF3.5, PF3.6
12, 13	Jazz Day Summative Task *(included)*	• Use a case study and the completed tax return to identify appropriate changes that would take advantage of unused tax benefits.	PF3.2, PF3.3, PF3.4, PF3.5, PF3.5, PF3.6

Unit 2 : Day 1 : Why Taxes?

MEL4E

Minds On: 25 Action: 45 Consolidate:10 Total=75 min	Learning Goals: • Brainstorm reasons why we pay taxes generally and income taxes specifically. • Discuss why Canadians are expected to file income tax and its collection and usage • Discuss tax-free day to explore proportion of types of taxes • Connect with data analysed in Unit 1 (e.g. government expenditures)	**Materials** • 'Canadians Celebrate Tax Freedom Day' • BLM 2.1.1

			Assessment Opportunities
Minds On…	**Whole Class → Brainstorm** Create a list of all the different types of taxes that they know of. **Whole Class → Read Along** Read pages 1 – 3 from the article 'Canadians Celebrate Tax Freedom Day on June 20,' from The Fraser Institute. Ask students to highlight key information as they read the article. Highlight types of taxes mentioned in the article that were featured in the brainstorm and add to the list other types of taxes that are mentioned in the article that may not have been raised through the brainstorm. Note: The taxes used to compute Tax Freedom Day include income taxes, property taxes, sales taxes, profit taxes, health, social security and employment taxes, import duties, license fees, taxes on the consumption of alcohol and tobacco, natural resource fees, fuel taxes, hospital taxes and a host of other levies.		If using a SMARTNOTEBOOK create each type of tax as a separate object in order to move the type of taxes into three categories later. Article from Fraser Institute can be retrieved from http://www.fraserinstitute.ca/admin/books/files/TFD2007.pdf) Note: only use pages 1 – 3 for this day.
Action!	**Small Group → Brainstorm** Pose the question to the students "Why are there taxes?" Have the students create a list and/or search on the internet for different services financed by the different levels: federal, provincial and local. Students record on BLM 2.1.1 **Mathematical Process Focus/Performance Task/Checklist** Observe students as they complete the task in order to assess their Connecting skills.		If necessary, teach the students to "Google" efficiently.
Consolidate Debrief	**Whole Class → Classification** Classify types of taxation identified in Minds On that occurs for federal, provincial and local. Students share from their investigation the services that each of the levels of government is responsible for providing. .		
Exploration	**Home Activity or Further Classroom Consolidation** Create a circle graph to illustrate the 10 categories of taxes that are used to calculate the Tax Freedom Day. Make a hypothesis of which type(s) of taxes would have altered for the Tax Freedom Day to change from last year to this year.		

2.1.1: Why Pay Taxes?

List as many possible services the 3 levels of government provide with our tax dollars.

Local	ONTARIO	

Unit 2 : Day 2 : Documentation: Page 1 of the Tax Form

MEL4E

Minds On: 15 Action: 35 Consolidate:20 Total=75 min	**Learning Goals:** • Explore types of information that the government requires and how it relates to the design of the income tax forms. • Identify documentations that support the completion of the form (e.g guides) and where to obtain them (general and simplified).	**Materials** • Page 4 of "Fraser Institute article" • Income Tax Guide • BLM 2.2.1-BLM2.2.4

			Assessment Opportunities
Minds On…	**Individual → Hypothesis Testing** Provide students with page 4 of the article 'Canadians Celebrate Tax Freedom Day on June 20,' from The Fraser Institute. Students will use the information provided on the chart to test their hypothesis from Unit 2 Day 1.		Students may represent the 2006 data in a circle graph, and compare the percentage of each category of taxation to their 2007 circle graph. The key idea is to use proportional reasoning to support or negate their hypothesis.
Action!	**Pairs → Pre-read Tax Guide** Students complete the Scavenger Hunt BLM2.2.1 to become familiar with the Canada Revenue Agency General Income Tax and Benefit Guide.		
Consolidate Debrief	**Whole Class → Discussion** Discuss any missing links of the Scavenger Hunt. Post BLM2.2.2 and establish the 'where' for step 1: Personal Information (Page 1 of T1 General) and step 2: Miscellaneous (Page 2 of T1 General). Distribute page 1 and 2 of the T1 General Tax Form. As you discuss this page have students identify items of personal data that pertain to them now and items that do not. Students record on BLM2.2.3. **Mathematical Process Focus/Observation/Mental Note** Use information collected about students' abilities to reflect in order to plan subsequent lessons.		Enlarge a copy of BLM2.2.2 and post in classroom. Add the line numbers on Day 3 and Day 5 for the remaining steps.
Application	**Home Activity or Further Classroom Consolidation** Identify and record on BLM2.2.4 miscellaneous information required on page 1 and 2 of the Tax Form.		Miscellaneous Information: GST/HST Elections Canada Foreign Property

BLM2.2.1: What's in the Guide? Scavenger Hunt

Instructions: Use the Canada Revenue Agency General Income Tax and Benefit Guide (BG) and the Teaching Taxes Student Workbook (SW) to answer the following. For each question indicate the page number and section heading.

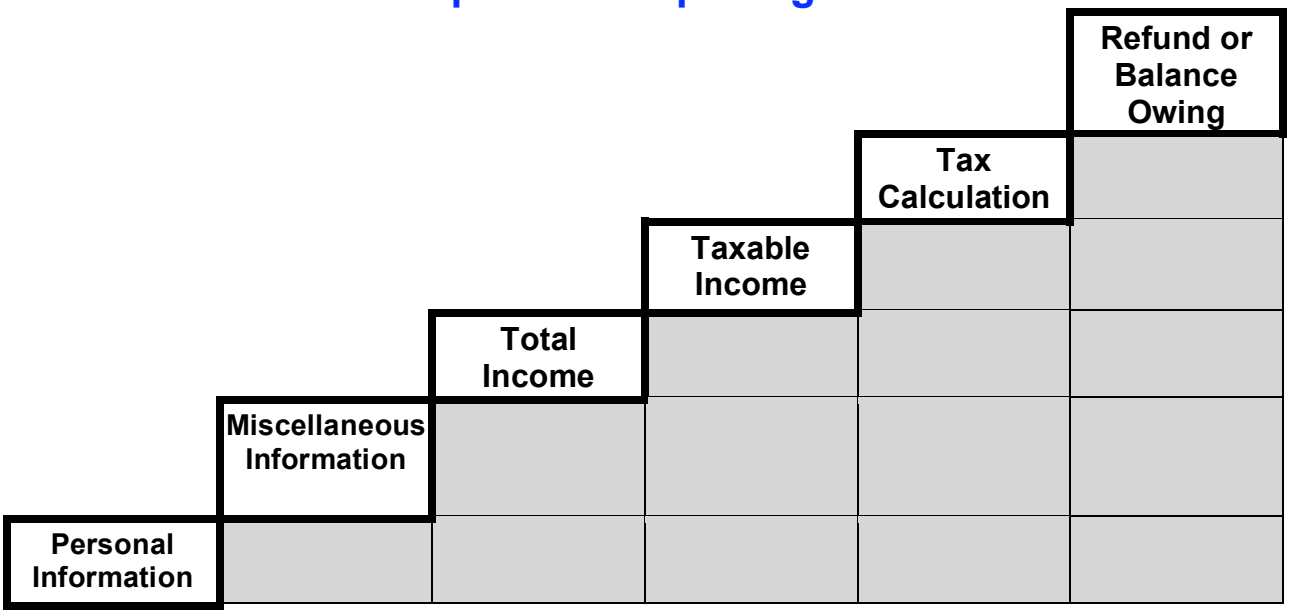


1. **Name two items that are new for the current tax year**. _____ _____	BG / SW Page: _____ Heading:
2. **What is the web site address that you can access important dates for filing an income tax return?**	BG / SW Page: _____ Heading:
3. **What is the phone number that you can call if you have any questions regarding filling out your tax return?**	BG / SW Page: _____ Heading:
4. **How can you access most of the publications, including the general guide and forms book?**	BG / SW Page: _____ Heading:
5. **List three reasons for filing a tax return that will most likely apply to you.** a._____ b._____ c._____	BG / SW Page: _____ Heading:
6. **On which date is your return for the current tax year due?**	BG / SW Page: _____ Heading:

BLM2.2.1: What's in the Guide? Scavenger Hunt (continued)

7. **State two interesting things about the Social Insurance Number (SIN).** a._____ b._____	BG / SW Page: _____ Heading:
8. For **how many years should you keep your supporting documents?**	BG / SW Page: _____ Heading:
9. **Give examples of ILLEGAL sales or services that are part of the "Underground Economy"** a._____ b._____	BG / SW Page: _____ Heading:
10. **Give examples of LEGAL sales or services that are part of the "Underground Economy"** a._____ b._____	BG / SW Page: _____ Heading:
11. **How long does it usually take to process someone's tax return?**	BG / SW Page: _____ Heading:
12. **Who usually pays their taxes by instalments?**	BG / SW Page: _____ Heading:

BLM2.2.2: The Six Steps for Completing a Tax Return

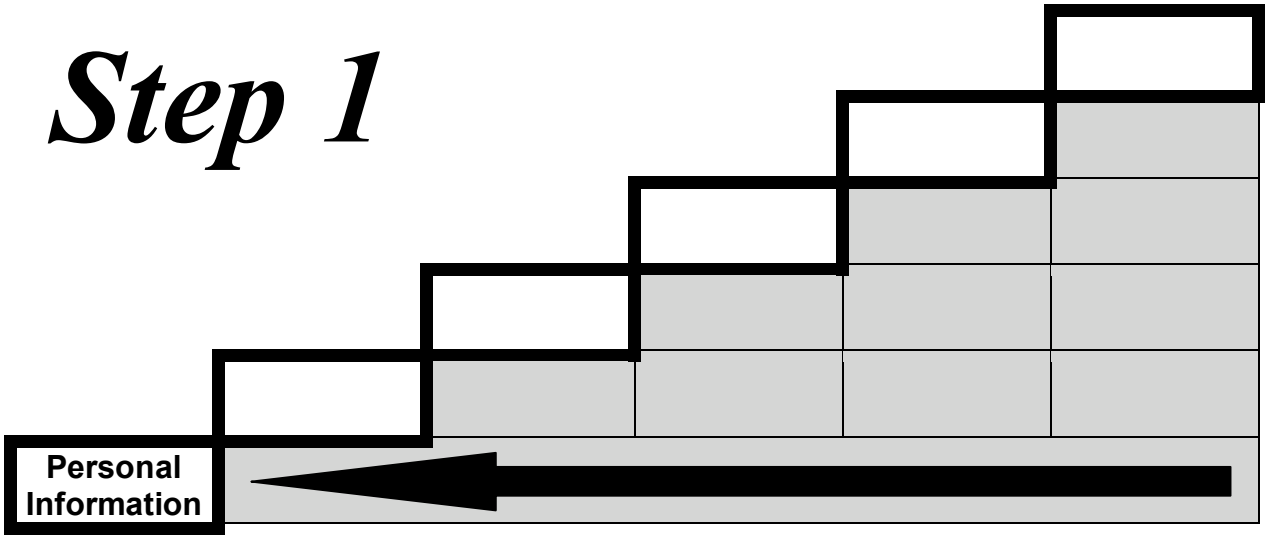


Refer to the T1 General form, Schedule 1 (Federal tax), and Form ON428 (Ontario Tax)

The What….		…. and the Where	
Step 1	Personal Information	Page: 1	
Step 2	Miscellaneous Info	Page: 1, 2	
Step 3	Total Income	Page: 3	Lines: -
Step 4	Taxable Income	Page: 3	Lines: -
Step 5	Tax Calculation	Schedule: 1	Lines: -
		Form: ON428	Lines: -
Step 6	Refund or Balance Owing	Page: 4	Lines: -

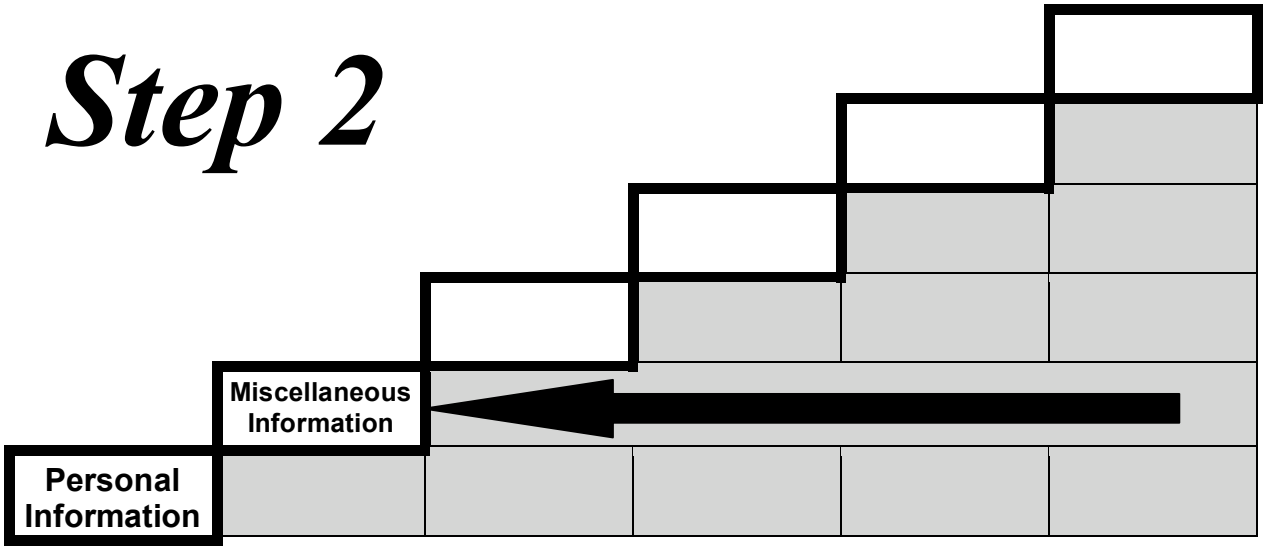
Note: Lines may change from year to year

BLM2.2.3: STEP 1 for Completing a Tax Return



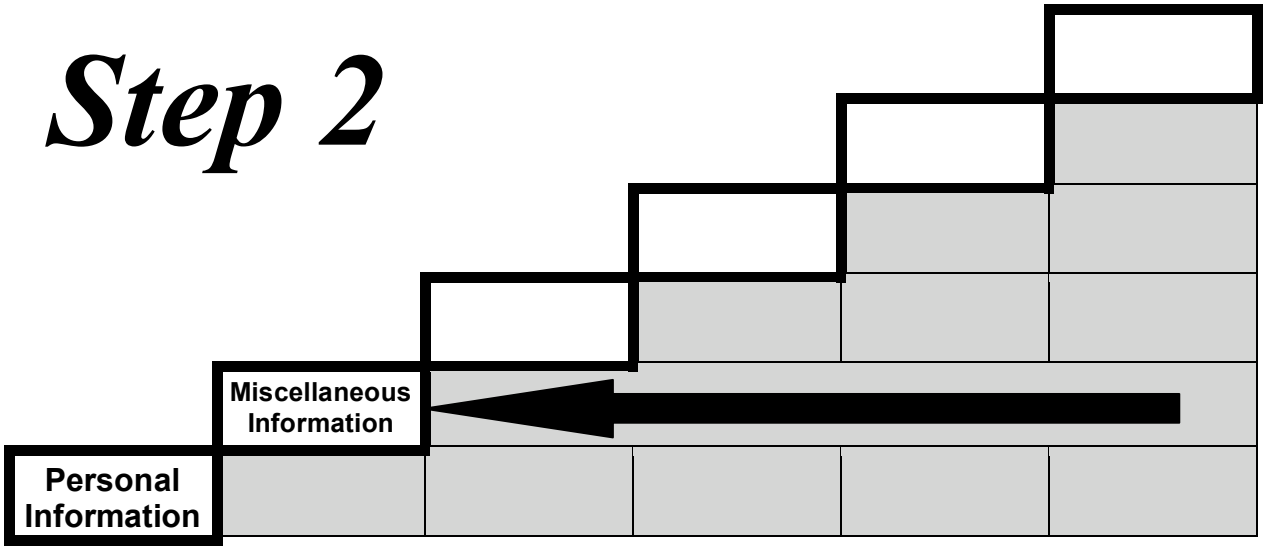
List the items of personal data that DO pertain to you now.	List the items of personal data that DO NOT pertain to you now.

BLM2.2.4: STEP 2 for Completing a Tax Return



State the THREE types of miscellaneous information that are required on pages one and two of the tax return.	
6% >> 	
	
	

BLM2.2.4: STEP 2 for Completing a Tax Return (Teacher Notes)



State the THREE types of miscellaneous information that are required on pages one and two of the tax return.	
6% >> 	GST
	Elections Canada
	Foreign Property

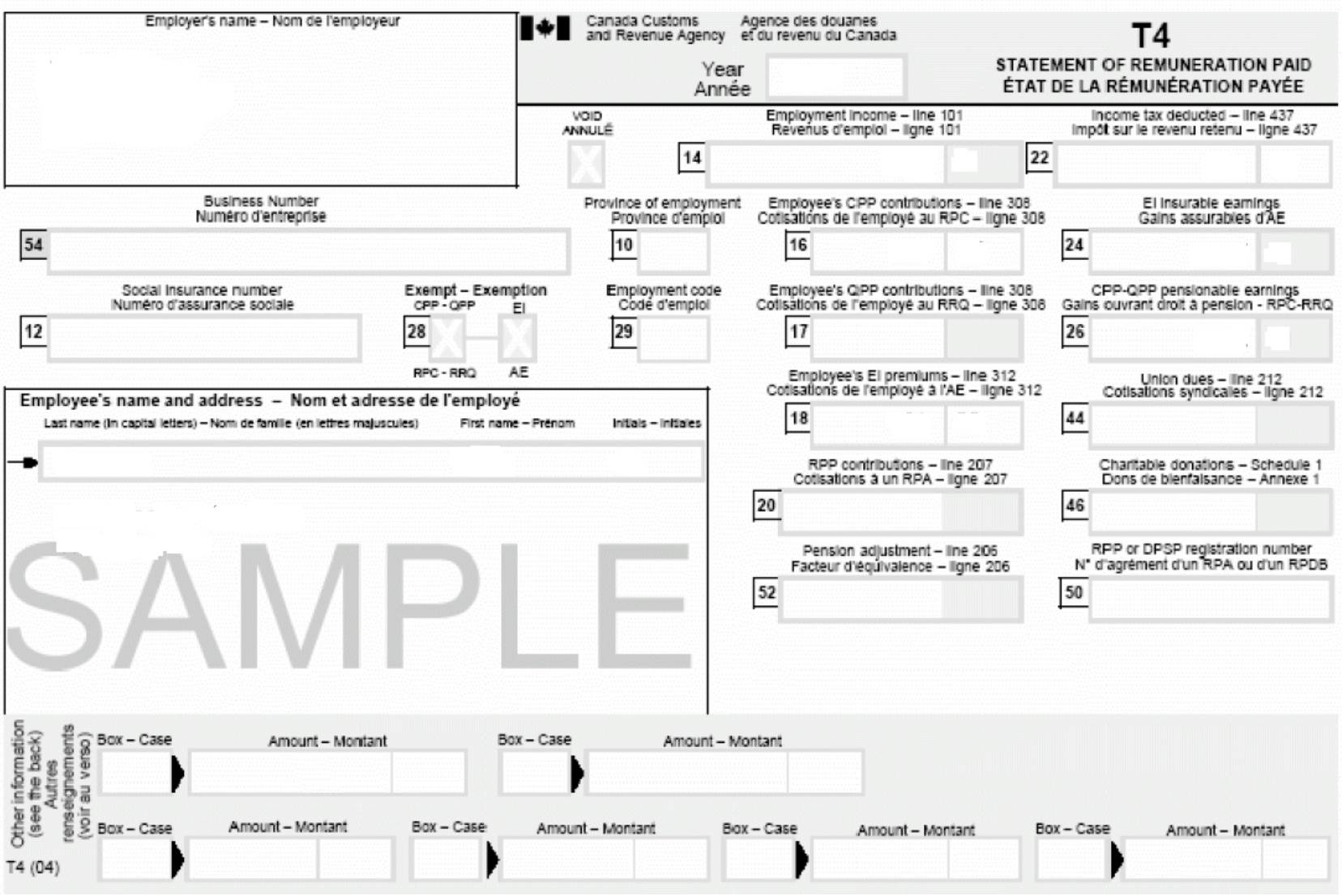
Unit 2 : Day 3 : Income: Page 2 of the Tax Form

MEL4E

Minds On: 20 Action: 35 Consolidate:20 Total=75 min	**Learning Goals:** • Interpret and describe information about income contained on a T4 slip. • Connect the income information on the T4 slip with the tax form. • Discuss and complete most likely sources of income on the tax form that are relevant to students based on the community.(eg. self employment such as babysitting, grass cutting, Student Welfare, Native Students)	**Materials** • Income Tax Guide • Page 2 of tax form • BLM 2.3.1 – BLM2.3.3 • BLM2.2.1

			Assessment Opportunities
Minds On…	**Whole Class → Analyzing** Provide each student a copy of BLM2.3.1. Assign each student one box on the T4 slip to complete the Description column and the line # column (if applicable) on the class copy of BLM2.3.2. Ask each student to explain to the class what they think their box refers to.		Provide each student with the completed BLM2.3.2.
Action!	**Whole Class → Discussion** Provide each student with the Canada Revenue Agency General Income Tax and Benefit Guide, and page 2 of the Income Tax Form. Ask students to highlight on the T4 slip the box that refers to income and highlight where it is required on the Tax Form. Decide as a class which 5 to 6 income lines on page 2 of the Tax Form are most applicable for their class, or could be within the next few years. **Small Groups → Exploring Types of Income** Assign each group one of the 5 – 6 income lines that was agreed upon by the class. Each group summarizes key information found in the Guide regarding their source of income, and prepares a quick presentation of their summary to the class.		Possible: types of income to explore Employment Other Employment Disability Benefits Child Care Benefits Investment Self Employment Examples of Self Employment income for student could include babysitting, cutting grass.
Consolidate Debrief	**Whole Class → Sharing** Each group shares their summary with the class. **Learning Skills/Presentation/Checkbric** Assess teamwork skills during preparation and delivery of presentations. Students record key information for each type of income discussed in part A of BLM2.3.3. Record on class copy of BLM2.3.2 under 'where', the lines in the guide that will support the completion of Step3: Total Income. **Mathematical Process Focus: Communicating, Connecting**		
Practice	**Home Activity or Further Classroom Consolidation** Locate in the Guide types of income that are not taxed and record these on Part B of BLM2.3.3.		

BLM2.3.1: The T4 Slip



Employer's name – Nom de l'employeur

Canada Customs and Revenue Agency / Agence des douanes et du revenu du Canada

Year / Année

T4

STATEMENT OF REMUNERATION PAID
ÉTAT DE LA RÉMUNÉRATION PAYÉE

VOID / ANNULÉ

14 Employment income – line 101 / Revenus d'emploi – ligne 101

22 Income tax deducted – line 437 / Impôt sur le revenu retenu – ligne 437

54 Business Number / Numéro d'entreprise

10 Province of employment / Province d'emploi

16 Employee's CPP contributions – line 308 / Cotisations de l'employé au RPC – ligne 308

24 EI insurable earnings / Gains assurables d'AE

12 Social insurance number / Numéro d'assurance sociale

28 Exempt – Exemption CPP - QPP / RPC - RRQ / EI / AE

29 Employment code / Code d'emploi

17 Employee's QPP contributions – line 308 / Cotisations de l'employé au RRQ – ligne 308

26 CPP-QPP pensionable earnings / Gains ouvrant droit à pension - RPC-RRQ

Employee's name and address – Nom et adresse de l'employé

Last name (in capital letters) – Nom de famille (en lettres majuscules) / First name – Prénom / Initials – Initiales

18 Employee's EI premiums – line 312 / Cotisations de l'employé à l'AE – ligne 312

44 Union dues – line 212 / Cotisations syndicales – ligne 212

20 RPP contributions – line 207 / Cotisations à un RPA – ligne 207

46 Charitable donations – Schedule 1 / Dons de bienfaisance – Annexe 1

52 Pension adjustment – line 206 / Facteur d'équivalence – ligne 206

50 RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB

SAMPLE

Other information (see the back) / Autres renseignements (voir au verso)

Box – Case / Amount – Montant

T4 (04)

BLM2.3.2: Understanding the T4 Slip

Identify the THREE items of information in un-numbered boxes:		
1.	2.	3.

List the information associated with each of the numbered boxes:

box	Line #	Description	box	Line #	Description	box	Line #	Description
10			20			44		
12			22			46		
14			24			50		
16			26			52		
17			28			54		
18			29					

What is the purpose of the line of empty boxes along the bottom of the form?

BLM2.3.2: Understanding the T4 Slip- (Completed)

Identify the THREE items of information in un-numbered boxes:		
1. Employer's name (and address)	2.Employee's Name(and address)	3. Year

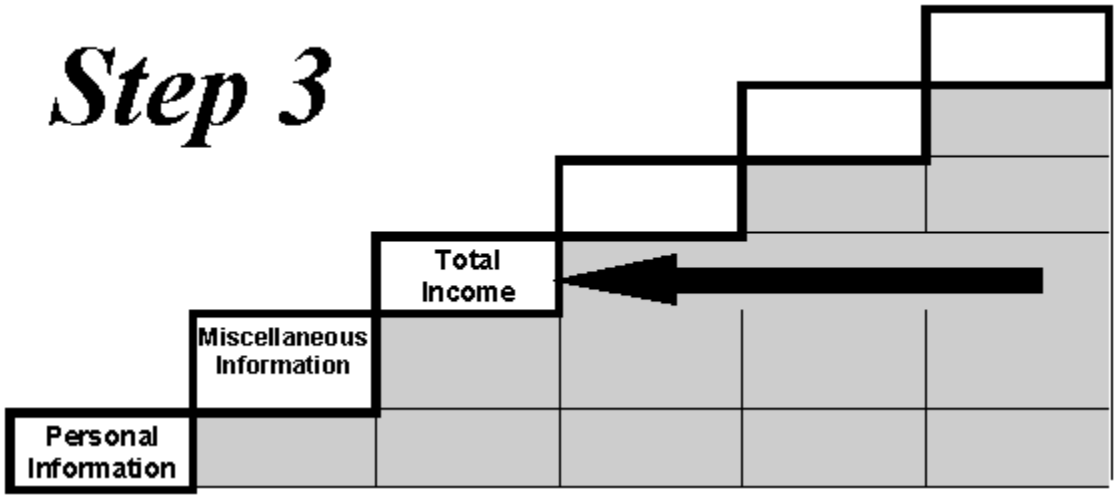
List the information associated with each of the numbered boxes:

box	Line #	Description	box	Line #	Description	box	Line #	Description
10	N/A	Province of Employment	20	207	RPP Contributions	44	212	Union Dues
12	Page 1	SIN #	22	437	Income tax Deducted	46	Sch. 1	Charitable Donations
14	101	Employment Income	24	N/A	Insurable Earnings	50	N/A	RPP/CPSP Registration #
16	308	Employee CPP Contributions	26	N/A	Pensionable Earnings	52	206	Pension Adjustment
17	308	Employee QPP Contributions	28	N/A	CPP/QPP Exemption	54	N/A	Business Number
18	312	Employee EIContributions	29	N/A	Employment Code			

What is the purpose of the line of empty boxes along the bottom of the form?

There are a number of specialized items that do not apply to most people, but they do have CRA-assigned box numbers, and this data can be included here
e.g. Commision income would go in Box 42 (see line 102 on page 2 of the T1 form).

BLM2.3.3: Step 3 of Completing a Tax Return

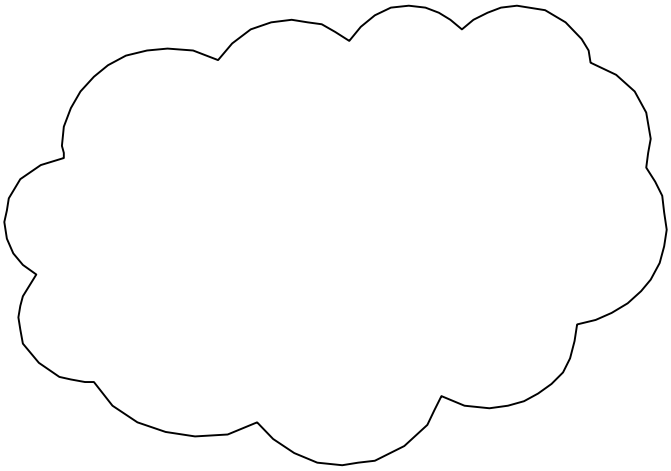


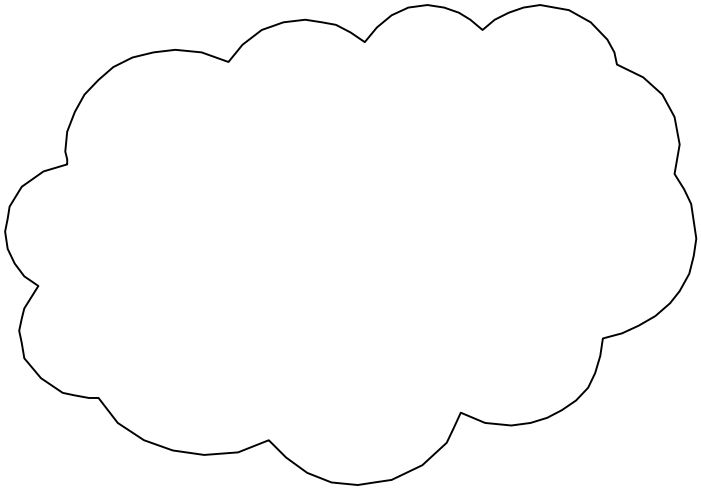
Part A: Write a brief summary for each of the types of income shared by your classmates.

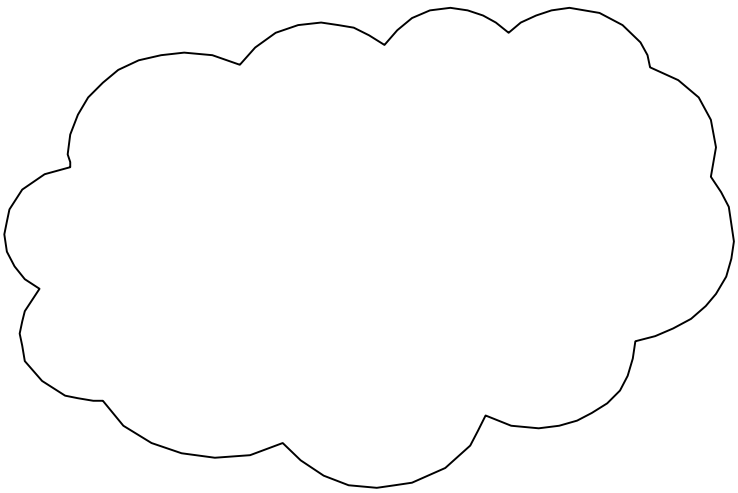
Line #	Type of Income	Description

BLM2.3.3: Step 3 of Completing a Tax Return (continued)

Part B: Refer to the Tax Guide to help you find three sources of income that may be important for you to know that they are not taxed. Place these in the clouds provided.







Unit 2 : Day 4 : Exploring Tax Credits

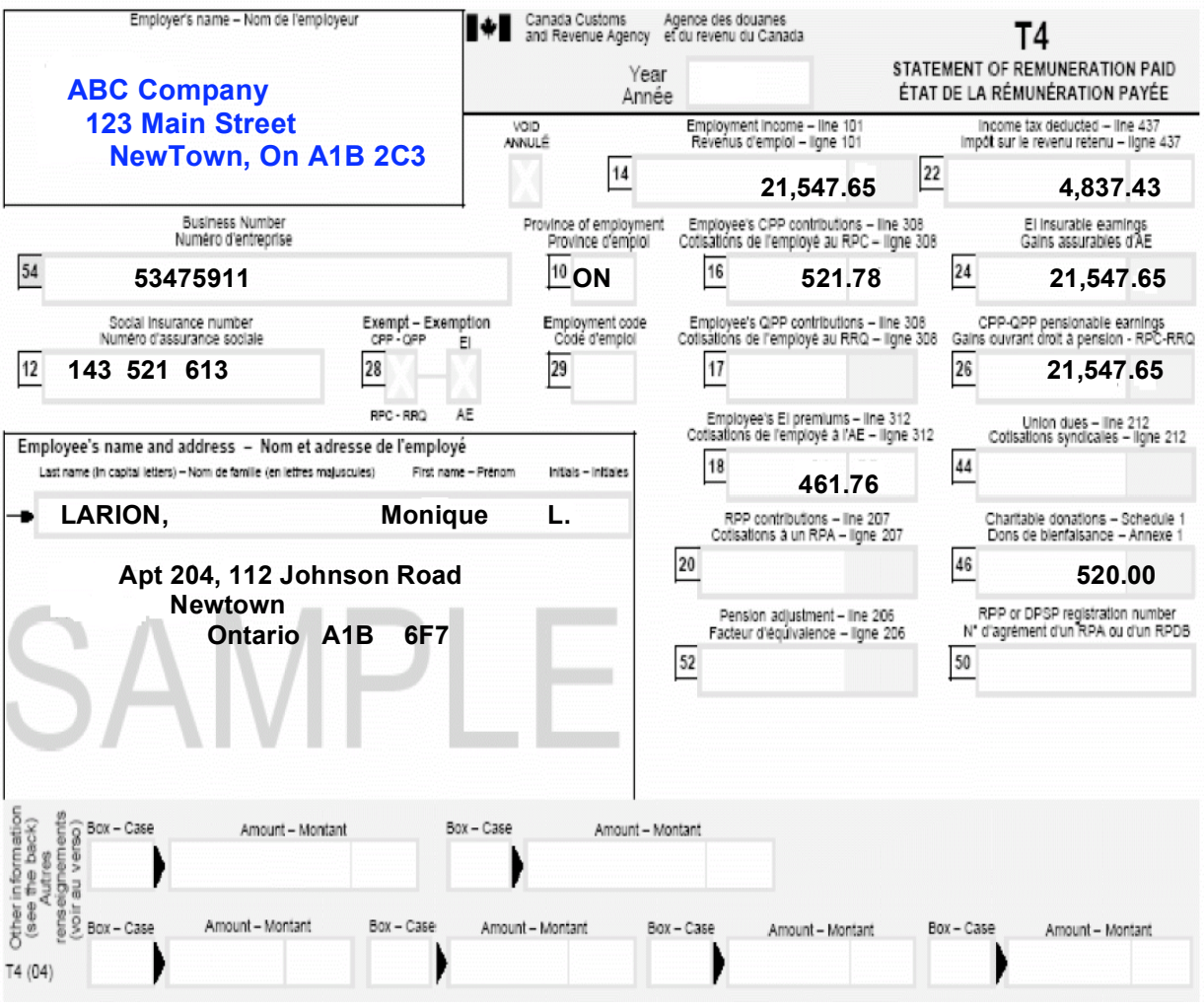
MEL4E

Minds On: 15 Action: 40 Consolidate:20 Total=75 min	**Learning Goals:** • Explore in groups and report on a Tax Credit (Charitable Donations, Medical Expenses, Political Donations, Disability Allowance, Tuition, GST, moving, child care, rental/property tax, etc.)	**Materials** • Income Tax Guide • T1 General Tax Form • BLM 2.4.1 • BLM2.4.2 • Internet access

			Assessment Opportunities	
Minds On…	**Individual → Practice** Provide students a photocopy of the 4 pages of the T1 General Tax Form. Provide students with a case study focusing on the T4 slip and personal information for an individual. See BLM2.4.1. Provide students a copy of T1 General Tax Form to practice completing steps 1 – 3 in filling out a tax form. Collect students' tax forms to add onto Day 6. **Curriculum Expectations/Observation/Rubric** Circulate to observe and assess students' completion of the T1.			Note: Adjust the DOB on BLM2.4.1 each year following 2007-08 school year. Support students with researching skills.
Action!	**Small Groups → Researching Tax Credits** Assign each group one of the following tax credits: • Ontario Property Tax credit and Sales Tax Credit • Disability Amount • Caregiver /Dependant Amounts • Education, Tuition and Textbook Credit (Federal and Provincial) • Public Transit Pass Credit • Moving Expenses/Union Dues Credit • Medical Expense/Charitable Credit • Children's Fitness Tax Credit • GST/HST Tax Credit • Canada Employment Tax Credit • **or** any other Tax Credit that is applicable to your community. Inform students that their role is to research for information outlined on BLM2.4.2 to share with the class the following day. **Mathematical Process Focus: Problem Solving, Communicating**			
Consolidate Debrief	**Small Groups →Preparing Presentation** Have students begin to organize their five minute presentation. Have students prepare a poster that can be displayed in the classroom for reference.			
Application	**Home Activity or Further Classroom Consolidation** Continue to prepare presentation.			

BLM2.4.1: Completing Step 1 – 3 of a Tax Return

Monique Larion is an 18 year old high school student. She has a job at a local call centre, working an evening shift. She has a 1 year old son Robert, born July 20th 2006, and her own DOB is 9th February 1989. Her T4 slip is shown below.



Employer's name – Nom de l'employeur

ABC Company
123 Main Street
NewTown, On A1B 2C3

Canada Customs and Revenue Agency / Agence des douanes et du revenu du Canada

Year / Année

T4
STATEMENT OF REMUNERATION PAID
ÉTAT DE LA RÉMUNÉRATION PAYÉE

VOID / ANNULÉ: X	14 Employment income – line 101 / Revenus d'emploi – ligne 101: 21,547.65	22 Income tax deducted – line 437 / Impôt sur le revenu retenu – ligne 437: 4,837.43	
54 Business Number / Numéro d'entreprise: 53475911	10 Province of employment / Province d'emploi: ON	16 Employee's CPP contributions – line 308 / Cotisations de l'employé au RPC – ligne 308: 521.78	24 EI insurable earnings / Gains assurables d'AE: 21,547.65
12 Social Insurance number / Numéro d'assurance sociale: 143 521 613	28 Exempt – Exemption CPP - QPP: X; EI: X (RPC - RRQ; AE)	29 Employment code / Code d'emploi	17 Employee's QPP contributions – line 308 / Cotisations de l'employé au RRQ – ligne 308
			26 CPP-QPP pensionable earnings / Gains ouvrant droit à pension - RPC-RRQ: 21,547.65
			18 Employee's EI premiums – line 312 / Cotisations de l'employé à l'AE – ligne 312: 461.76
			44 Union dues – line 212 / Cotisations syndicales – ligne 212
			20 RPP contributions – line 207 / Cotisations à un RPA – ligne 207
			46 Charitable donations – Schedule 1 / Dons de bienfaisance – Annexe 1: 520.00
			52 Pension adjustment – line 206 / Facteur d'équivalence – ligne 206
			50 RPP or DPSP registration number / N° d'agrément d'un RPA ou d'un RPDB

Employee's name and address – Nom et adresse de l'employé

Last name (in capital letters) – Nom de famille (en lettres majuscules) | First name – Prénom | Initials – Initiales

LARION, Monique L.

Apt 204, 112 Johnson Road
Newtown
Ontario A1B 6F7

SAMPLE

Other information (see the back) / Autres renseignements (voir au verso)

Box – Case | Amount – Montant | Box – Case | Amount – Montant

Box – Case | Amount – Montant | Box – Case | Amount – Montant | Box – Case | Amount – Montant | Box – Case | Amount – Montant

T4 (04)

BLM2.4.2: Exploring Tax Credits

Group Members: _____

Tax Credit Assigned: _____

Instructions:
Gather relevant information about the tax credit. Your information should answer the following questions:

- Who?
  For whom is the credit?

- What?
  What is the purpose of the credit?
  What are the features of the credit?
  Is the credit a refundable or a non-refundable tax credit?

- Where?
  Is the credit provincial or federal?
  Where is it located on the Income Tax Form or Schedules?

- When?
  When did this credit or when will this credit tax take effect?

- Why?
  Why do I care as a student about this tax credit?

- How?
  How do I claim this credit?

Note: There is information about tax credits in The Quick Tax Instructors Guide(e.g. p121, p160), the CRA student workbook(pages 24-31 for Net Income calculations, pages 32-44 for Schedule 1 calculations)

Unit 2 : Day 5 : Exploring Tax Credits Continued

MEL4E

Minds On: 20 Action: 45 Consolidate:10 Total=75 min		**Learning Goals:** • Explore in groups and report on a Tax Credit (Charitable Donations, Medical Expenses, Political Donations, Disability Allowance, Tuition, GST, moving, child care, rental/property tax, etc.))	**Materials** • BLM2.5.1
			Assessment Opportunities
	Minds On…	**Small Groups → Preparing Presentation** Students finish preparing their presentation and posters. Remind students of the criteria for their presentations and posters.	
	Action!	**Small Groups → Presentation** Each group presents the tax credit for which they were responsible. Invite students to ask questions to the presenting group. Ask students to reflect on each presentation and how the information about that tax credit is important to them. Students record on BLM2.5.1. **Mathematical Process/Presentation/Rubric** Inform students that as the group presents, they will be assessed on their communication – both as a presenter and as an active participant.	
	Consolidate Debrief	**Whole Class → Discussion** Clarify the terms refundable versus non-refundable tax credits. Add to word wall.	Word Wall: Refundable Tax Credit can be claimed even if a person is not paying income tax.
Reflection		**Home Activity or Further Classroom Consolidation** Complete BLM2.5.1 if necessary.	

Complete the table below for each of the presentations.

Tax Credit	How is this Important to Me?

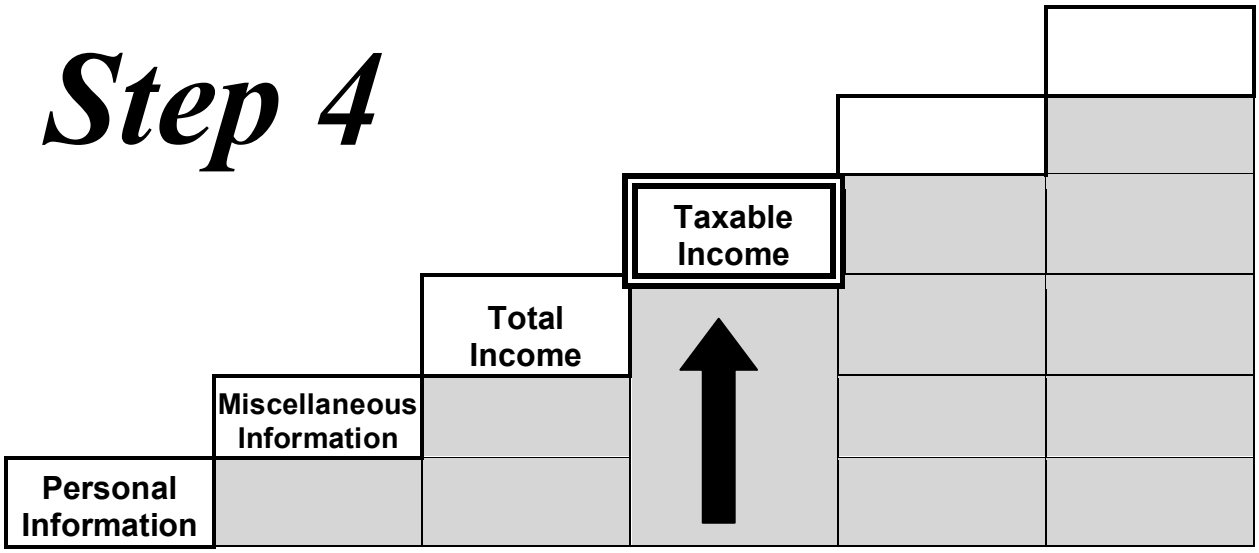
Unit 2 : Day 6 : Refund or Payment? Page 3, 4 of Tax Form

MEL4E

Minds On: 5 Action: 65 Consolidate: 5 Total=75 min	**Learning Goals:** • Discuss and complete, estimating the most likely income deductions and tax credits on the tax form, including schedules that are relevant to students based on the community (e.g. Child Care, Dependents, Native Status, Community- Northern Allowance). • Determine the amount of refund or amount owing and discuss how payment is made.	**Materials** • Schedule1 • Form ON428 • Form ON479 • BLM2.6.1-BLM2.6.4 • BLM2.4.1

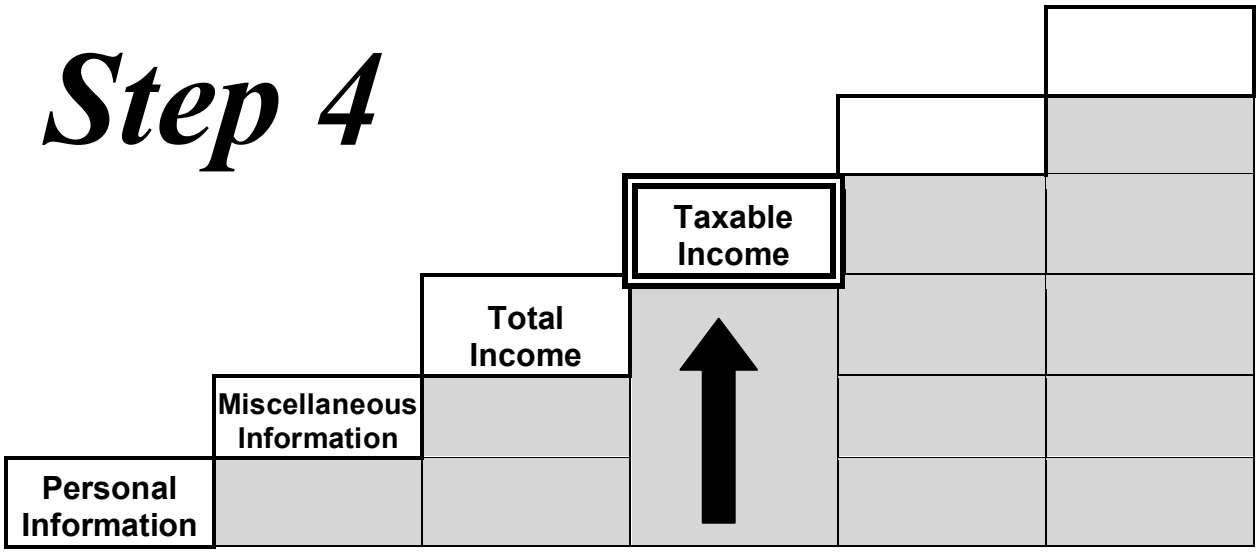
		Assessment Opportunities
Minds On…	**Whole class → Discussion** Establish the difference between deductions and refundable tax credits versus non-refundable tax credits. Address the concepts of Total Income, Net Income and Taxable Income and highlight their location on the Tax Form and Schedules, as well as where support for these are in the Guide.	Word Wall: • Deductions • Refundable Tax • Credit • Non-refundable Tax • Credit • Total Income • Net Income • Taxable Income
Action!	**Individual →Reflection** Students analyze the possible deductions on page 3 of the tax form and reflect on which ones would be applicable to them and record on BLM2.6.1. **Whole Class → Guided Instruction** Return tax forms from Day 4 to students. Complete the Net Income and Taxable Income (Step 4) for the case study started on Day 4 (BLM2.4.1). Additional case study information is on BLM2.6.2. **Individual →Reflection** Students analyze the various items needed to determine the federal and provincial tax credits and reflect on which ones would be applicable to them. Students record on BLM2.6.3. **Whole Class → Guided Instruction** Use additional information for the case study (BLM2.6.2) to complete Schedule 1, ON428, and ON479 (Step 5). **Mathematical Process/Observation/Checkbric** Assess students reflecting skills.	Refundable Tax Credit can be accessed without paying income tax. Add step 4, step 5 and step 6 to the class BLM2.2.2.
Consolidate Debrief	**Whole Class →Discussion** Discuss the factors, not considered in Steps 1-5, which could affect how much income tax people pay or get refunded. Refer to lines 437 – 476 on page 4 of the T1 General form. Students record these factors in the first column of BLM2.6.4.	
Application	**Home Activity or Further Classroom Consolidation** Finish calculations for the case study to determine if Monique will receive a refund or have to pay income tax.	

BLM2.6.1: Step 4 of filling in the Tax Return



List the items that you would use to determine your NET INCOME (1st section on T1 General) *Refer to Tax Guide for additional information.*	List the items that you would use to determine your TAXABLE INCOME (2nd section on T1 General) *Refer to Tax Guide for additional information.*

2.6.1: Step 4 of Filling In the Tax Return (Sample Answers)



List the items that you would use to determine your NET INCOME (1st section on T1 General) *Refer to Tax Guide for additional information.*	List the items that you would use to determine your TAXABLE INCOME (2nd section on T1 General) *Refer to Tax Guide for additional information.*
Pension Plan deductions on T4 slip	*Canadian forces and police deduction*
Annual union, professional, or like dues	*Employee home relocation loan deduction*
Child care expenses	*Income exempt under a tax treaty*
Disability supports	*Other: Adult basic education tuition assistance*
Moving expenses	
Support payments	
Other deductions: tax shelter, legal fees	

BLM2.6.2: Completing Step 4 of filling in the Tax Return

This is the continuation of the case study started on BLM2.4.1:

> Monique pays $580/month rent. Her medical expenses have totalled $636.25 for the year. Monique's mother has taken care of Robert during the evenings and her daytime daycare is provided at the school for a cost of $950 for the school year.
>
> Monique also was advised to make a small RRSP contribution of $250. This should be entered on page 3.
>
> Note: The tax form refers to schedule 7 (see below) Based on the instructions, schedule 7 will NOT be required in this situation.

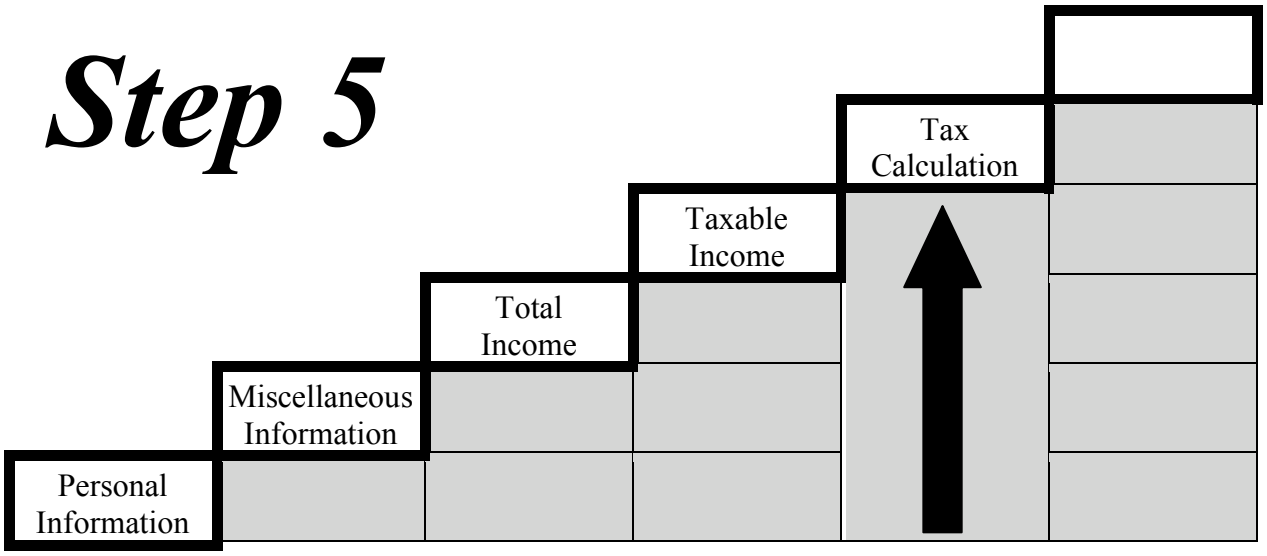
T1-2006 **RRSP Unused Contributions, Transfers, and HBP or LLP Activities** **Schedule 7**

Only complete this schedule and attach it to your return when one or more of the following situations applies:

- You will not be deducting on your return for 2006 all of the unused RRSP contributions (amount B) on your "2006 RRSP Deduction Limit Statement" on your latest *Notice of Assessment*, *Notice of Reassessment*, or Form T1028, *RRSP Information for 2006*.
- You will not be deducting on your return for 2006 all of the RRSP contributions you made from March 2, 2006, to March 1, 2007.
- You have transferred to your RRSP certain amounts you included in your income.
- You are designating contributions made to your RRSP as a 2006 repayment under the Home Buyer's Plan (HBP) or the Lifelong Learning Plan (LLP).
- You withdrew funds from your RRSP in 2006 under the HBP or the LLP.

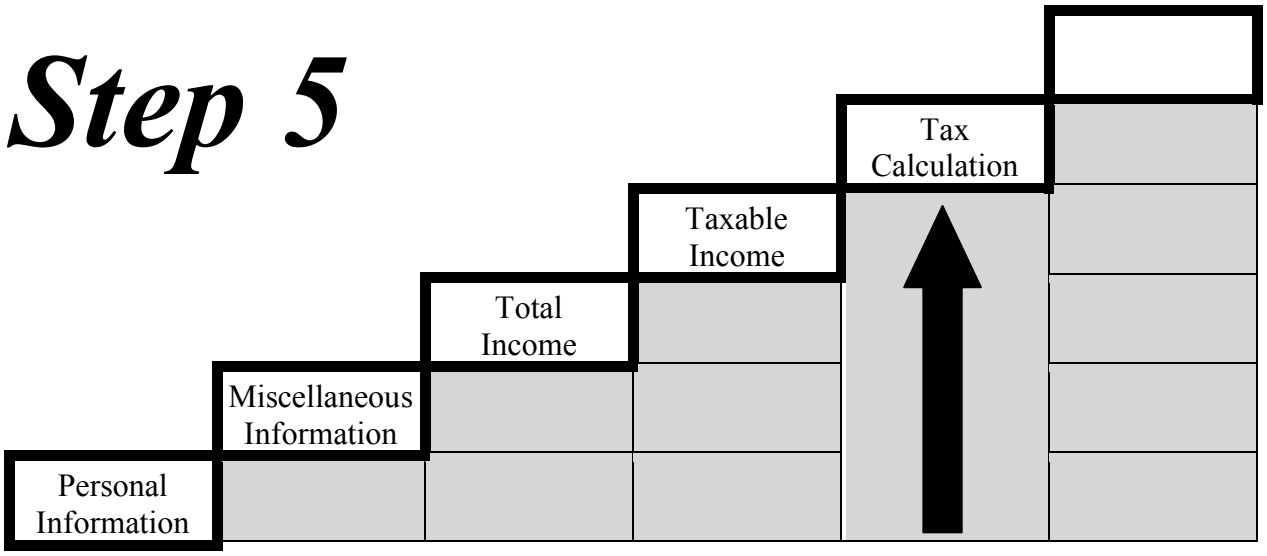
If none of these situations applies to you, do not complete this schedule. Just enter your total RRSP contributions on line 208 of your return. See line 208 in the guide for more information.

BLM2.6.3: Step 5 of filling in the Tax Return



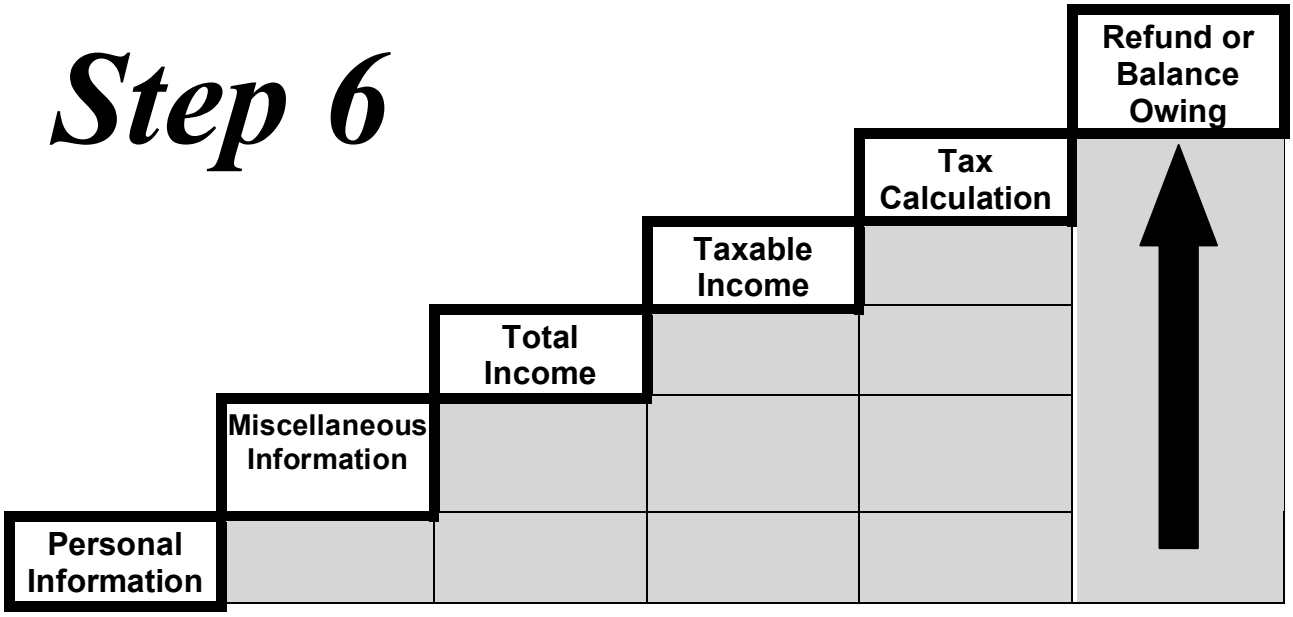
List the items that would be most appropriate for you to use to determine your federal and provincial tax credits. Indicate where that information is located on the T4 slip or which schedule would be needed to calculate its entry						
	Federal Tax Credit Schedule 1		Ontario Tax (ON428)		Ontario Tax Credit (ON479)	
Item	T4 Box #	Schedule Line #	T4 Box #	Form Line #	T4 Box #	Form Line #

BLM2.6.3: Step 5 of Filling In the Tax Return (Sample Answers)



List the items that would be most appropriate for you to use to determine your federal and provincial tax credits. Indicate where that information is located on the T4 slip or which schedule would be needed to calculate its entry						
	Federal Tax Credit Schedule 1		**Ontario Tax (ON428)**		**Ontario Tax Credit (ON479)**	
Item	**T4 Box #**	**Schedule Line #**	**T4 Box #**	**Form Line #**	**T4 Box #**	**Form Line #**
Basic Personal Amount		*300*		*5804*		
CPP or QPP contributions	*16 or 17*	*308*		*5824*		
EI premiums	*18*	*312*		*5832*		
Disability amount		*316*		*5844*		
Public Transit		*364*				
Medical Expenses		*330*		*5868*		
Donations and Gifts		*349*		*5896*		
Rent paid, Property Tax, or Student Residence						*6110*
Sales Tax Credit						*6033*

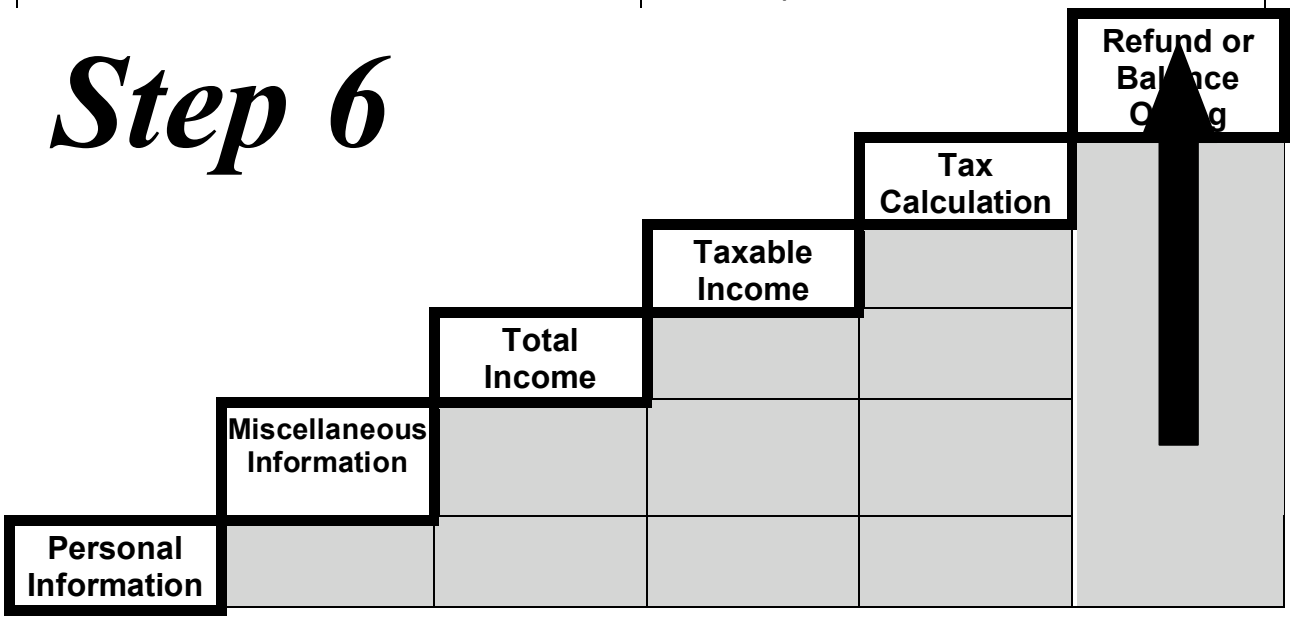
BLM2.6.4: Step 6 of filling in the Tax Return



What factors could affect how much income tax people pay or get refunded?	List the other information that is required or can be entered to complete the last page of the tax form.

BLM2.6.4: Step 6 of filling in the Tax Return (Sample Answers)

Total Income tax deducted per T4's	*Direct deposit Information*



What factors could affect how much income tax people pay or get refunded?	List the other information that is required or can be entered to complete the last page of the tax form.
CPP overpayment	*Ontario opportunities fund*
EI overpayment	*Signature*
Income tax paid by installments	*Date*
Provincial or Territorial credits	*Telephone Number*

Unit 2: Day 7 : Consolidation

MEL4E

Minds On: 20 Action: 45 Consolidate:10 Total=75 min	**Learning Goals:** • Complete the income tax form for a case study to consolidate days 2-7.	**Materials** • CRA Student workbook • CRA Tax Form booklet or T1 General Tax form and schedule 1 • BLM2.7.1-BLM2.7.3

			Assessment Opportunities
Minds On…	**Pairs → Analyze** In pairs, students complete the second column of BLM2.6.4 that asks students to identify additional information on page 4 of the tax form to be entered prior to forwarding the tax form to the Canada Revenue Agency. **Pairs → Practice** Students practice making the correct logical/arithmetic decisions on BLM2.7.1 in the context of page 3 of the tax form. This will also review some of allowable reductions to taxable income. **Curriculum Expectation/Performance Task/Rubric** As students complete BLM 2.7.1, observe their understanding of the learning goals of the unit thus far.		Page Number for Workbook may vary each year. BLM 2.4.1 & BLM 2.6.2 can also be edited to create additional case studies. Adjust BLM 2.7.2 if needed, to reflect the Teaching Taxes examples for years other than 2006
Action!	**Small Groups → Investigation** Provide students with the two tax examples for high school students from the Canadian Revenue Agency Teaching Taxes Program Student Workbook 2006 (p. 13-15) and the necessary forms to complete an income tax return. **Mathematical Process Focus: Problem Solving**		
Consolidate Debrief	**Whole Class → Comparison** Provide students with BLM2.7.2 to compare their tax return entries for Example 1 with what the Canada Revenue Agency sends back to taxpayers as a summary. .		
Reflection	**Home Activity or Further Classroom Consolidation** Students complete a journal entry for the following prompts: "Things that I find interesting so far in dealing with the tax return process are….." "Things that I am frustrated with so far in dealing with the tax return process are…" or Students reflect on the concepts of tax deductions and credits as indicated on BLM 2.7.3.		

BLM2.7.1: Figuring out the logic!

For each question, enter the description associated with the listed lines and then determine the correct entry for each of lines 233 and 234

#1	Line #		
	150		$12,500
	207	$5,000	
	212	$1,300	
	219	$ 800	
Add lines 207-232	**233**		
Line 150 minus line 233 (if negative, enter “0”)		**234**	

#2	Line #		
	150		$7,649
	208	$4,572	
	214	$2,484	
	229	$ 926	
Add lines 207-232	**233**		
Line 150 minus line 233 (if negative, enter “0”)		**234**	

#3	Line #		
	150		$9,531.67
	207	$5,400.00	
	215	$4,356.60	
	232	$ 789.89	
Add lines 207-232	**233**		
Line 150 minus line 233 (if negative, enter “0”)		**234**	

#4	Line #		
	150		$4 ,452.50
	208	$ 3,200.00	
	219	$ 459.21	
	222	$ 876.74	
Add lines 207-232	**233**		
Line 150 minus line 233 (if negative, enter “0”)		**234**	

BLM2.7.1: Figuring out the logic! (Teacher Notes)

#1	Line #		
Total Income	150		12,500
Registered Pension Plan deducted	207	5,000	
Annual or professional dues	212	1,300	
Moving Expenses	219	800	
Add lines 207-232	233	***7,100***	***7,100***
Line 150 minus line 233 (if negative, enter "0")	234 ***Net Income***		***5,400***

#2	Line #		
Total Income	150		7,649
RRSP deduction	208	4,572	
Child care expense	214	2,484	
Other employment expenses	229	926	
Add lines 207-232	233	***7982.00***	***7982.00***
Line 150 minus line 233 (if negative, enter "0")	234 ***Net Income***		***0***

#3	Line #		
Total Income	150		9,531.67
Registered Pension Plan deducted	207	5,400.00	
Disability support deductions	215	4,356.60	
Other deductions	232	789.89	
Add lines 207-232	233	*10546.49*	*10546.49*
Line 150 minus line 233 (if negative, enter "0")	234 ***Net Income***		***0***

#4	Line #		
Total Income	150		4 ,452.50
RRSP deduction	208	3,200.00	
Moving Expenses	219	459.21	
CPP deductions, other earnings	222	876.74	
Add lines 207-232	233	***4535.95***	***4535.95***
Line 150 minus line 233 (if negative, enter "0")	234 ***Net Income***		***0***

BLM2.7.2: Tax Form Summary Sheet for Example 1

Canada Revenue Agency | Agence du revenu du Canada

Date	Name	Social Insurance no.	Tax year	Tax centre
		123 456 789	2006	

Summary

Line	Description	$Amount
150	Total income …….	5, 200
	Deductions from total income …….	0
236	Net income ……..	5, 200
260	Taxable income ……..	5, 200
350	Total federal non-refundable tax credits ……..	1, 395.20
6150	**Total Ontario non-refundable tax credits** …….....	510.43
420	Net federal tax ……	0
428	**Net Ontario tax** …….	0
435	Total payable ……...	0
437	Total income tax deducted ……..	103.71
482	Total credits ……	103.71
	(Total payable minus Total credits) ……	(103.71)
	Balance from this assessment …….CR	103.71

BLM2.7.3: Why is the Government being so nice to Canadian taxpayers?

The government encourages Canadians to spend their money in certain ways, or to support certain endeavors. They do this by either actually SUBTRACTING the whole expense from your income before you calculate the tax that is payable, or by giving the taxpayer a non-refundable Tax Credit. Non-refundable means that if you don't actually owe them any taxes, they do not send YOU the credit amount! It can only be used to reduce the amount if you do actually end up paying taxes.

From the Tax Guide, or the work you did in class, identify three items from each group (those that are subtracted from your Total income and those that give you a tax credit), and explain why the government would want to encourage Canadians to spend money in this way.

Also, can you think of any item the government encourages which you yourself question, or which they do NOT encourage and you think they should?



Unit 2 : Day 8 : Business Tax Implications?

MEL4E

Minds On: 20 Action: 45 Consolidate:10 Total=75 min	**Learning Goals:** • Use appropriate forms (e.g. T2124 – Business Activities) in the context of case studies, to explore the tax implications of self employment. (Note: Share case studies appropriate to student/community)	**Materials** • 2 different colour highlighters • BLM2.8.1-2.8.3

				Assessment Opportunities
	Minds On…	**Whole Class → Read Along** Provide students the article, 'Tax tips for home businesses.' BLM2.8.1. While reading the article, students highlight on BLM2.8.21, possible tax deductions with one colour of highlighter and another colour highlighter for additional key information. **Pairs→ Investigation** Divide the students into two groups such that half of the pairs analyze T2124 and the other half of the pairs analyze T2032. Students highlight on the forms any of the deductions mentioned in the article.		Access forms at: http://www.cra-arc.gc.ca/E/pbg/tf/t2032/README.html
	Action!	**Small Groups → Investigation** Form small groups with the pairs from the Minds On activity. Provide each group with an appropriate case study BLM2.8.2 or BLM2.8.3. Students indicate which deductions would be appropriate for their case study and indicate their rationale. **Curriculum Expectations/Oral Questions/Mental Note** Ask students probing questions to gain an understanding of their demonstrated achievement of the learning goals. **Mathematical Process Focus: Connecting**	➲	http://www.cra-arc.gc.ca/E/pbg/tf/t2124/README.html .
	Consolidate Debrief	**Whole Class → Discussion** Discuss similarities and differences between T2124 and T2032. Generate a list of types of home businesses that would require T2124 or T2032. Determine the proportion of office space that can be claimed.		
	Practice	**Home Activity or Further Classroom Consolidation** Complete the other case study.		

BLM2.8.1 Tax Tips for Home Business

thestar.com

Oct. 12, 2006 01:00 AM
LINDA A. FOX
SPECIAL TO THE STAR

If you operate a small, home-based business, you are trying to get the most out of every dollar you bring in. Figuring out how to maximize tax deductions is one very important aspect of the business's financial plan.

Small, home-based businesses present a number of opportunities for income tax planning that, if not dealt with properly, can cost the owner money.

Many such businesses are operated out of the owner's home, for reasons of cost as well as avoiding a commute and being able to care for small children while still working.

The Income Tax Act specifically provides that expenses incurred for the purpose of earning income may be deducted for tax purposes, so the owner must remain on top of all the costs that are being incurred. Getting good financial advice is the key.

Chartered accountants and small-business specialist Jerry Paskowitz, a partner in Sloan Partners LLP of Thornhill, warns that many home-business costs are hidden.

"For example, rent paid for a residential apartment or the mortgage interest paid on a house may be deductible," said Paskowitz. "The criterion would be whether there is space dedicated to the operation of the business."

"Let's say the proprietor has inventory stored in a third bedroom and is also using that space to keep the business records. Customers also go to that room to see the merchandise and place orders," Paskowitz explains. "In that case, the owner would determine the portion of the home being used for business purposes as a percentage of the total space, and apply that proportion to the mortgage interest to determine the allowable expense. The same rationale would be used for other related expenses, such as maintenance costs and utilities."

Other allowable deductions would be the expense of stationery and supplies, as well as the business use of a vehicle.

One question that arises quite often is whether a business owner can employ his or her spouse," said Paskowitz. "The short answer is that any person who provides services to the business, whether related or not, can be paid. That also includes children. The consideration is that services provided should be documented and paid for at a reasonable rate. There is terrific opportunity for the unaware to miss out on legitimate claims by forgetting to compensate spouses for work performed."

When paying a family member or spouse, no tax is paid on income up to $8,000 and those who receive the money can make RRSP contributions, which can benefit the family.

Other allowable expenses include travel, if your trip is deemed for business purposes; insurance; cellphone and land line telephone bills. Meals and entertainment expenses are restricted to 50 per cent of the amounts paid.

If the business acquires capital assets such as computer equipment, furniture and fixtures, depreciation – "capital cost allowance" in tax-speak – is deducted at rates determined by the Canada Revenue Agency, or CRA.

BLM2.8.1 Tax tips for home businesses (continued)

Some types of expenses, such as those incurred in acquiring advanced knowledge, may be treated as business expenses while some may be deemed tuition, depending on the circumstances, said Paskowitz.

"For instance, attending a certification course required by a manufacturer before being allowed to sell a particular product will be treated as a business expense, but attending a college night course to gain advance knowledge of a software program is most probably tuition," he says. "In either case, they would be allowable deductions in the computing of taxable income."

A final word of advice from Paskowitz is to read the related tax paperwork. "To assist in the planning, business owners and prospective owners should look at tax forms T2032 (for service businesses) and T2124 (for product-based businesses) and read the CRA guides to these forms to get an understanding of the tax treatment of home-based and small businesses."

If you are unsure what to do, get help. Most initial consulting visits to accountancy firms are free. Do your homework, choose someone with a recognized accounting designation for assistance, and put all your questions in writing.

Just take a quick look around your home. If you have a room set aside as an office; if you have furniture and equipment, computers, phones, a car and employee relatives, chances are you have things you can write off to maximize business tax deductions

Desiree Lee has an internet business in which she sells cosmetics and skin care products. She travels frequently across Ontario to meet with new clients to set them up with a suitable program. Desiree has a 300 square foot office in her 1200 square foot apartment which she keeps a small supply of products on hand. Every three months Desiree attends a training session for her business.

Indicate which expenses Desiree should be keeping track of for her tax return.

Line #	Expense	Rationale

Kyle Ratchet is self employed, doing odd jobs within his community, such as, painting, lawn care, cleaning driveways, snow removal, etc. Once a month he advertises in the local paper. Kyle leases a truck to transport his equipment (lawnmowers) to his various job sites. From time to time, he has his daughter and son help him rake leaves. Kyle has a 200 square foot office in his 1600 square foot house.

Indicate which expenses Kyle should be tracking of for his tax return.

Line #	Expense	Rationale

Unit 2 : Day 10 : Another way to complete your Tax Form !

MEL4E

Minds On: 5 Action: 55 Consolidate:15 Total=75 min	**Learning Goals:** • Use students' own data or a variety of case studies to complete income tax returns.	**Materials** • QuickTax Program • Internet access (optional)

			Assessment Opportunities
Minds On…	**Whole Class → Poll** Poll students to see if any of them have heard of the software Quick Tax. Determine what their knowledge is about it to build on during this lesson. Record students' ideas for reference.		The SmartBoard Notebook file: MEL4_U2D10_notebook contains a sequence of pages that the students will see when using the software. Note QuickTax software can be used in two ways, accessing the forms sequentially or an Interview method. The website ONLY offers the Interview method, and that is the method used in these materials.
Action!	**Whole Class → Guided Instruction** Introduce the QuickTax software, or the QuickTax webpage. http://quicktaxweb.intuit.ca/content/index/index.php?b=intuit Specific instructions will be needed regarding how to access it on your server or how to login to the webpage. It is recommended that the students are given an introduction to using a SmartBoard, Powerpoint, LED Projector or Monitor presentation. Demonstrate the use of Quick Tax Easy Step for completing a tax return for the case study from Day 7. Provide students with a copy of the power point notes so that they can highlight and jot note as you guide them through the process. **Curriculum Expectations/Observation/Mental Note** Observe students' demonstrated understanding and application of the learning goals. **Mathematical Process Focus: Use and Selection of Tools**		
Consolidate Debrief	**Whole Class → Discussion** Compare results of using Quick Tax and the hand version for the case study.		
Application	**Home Activity or Further Classroom Consolidation** Organize your personal information to complete your own income tax return for Day 11.		

Unit 2 : Day 11 : Another way to complete your Tax Form !

MEL4E

Minds On: 5 Action: 55 Consolidate:15 Total=75 min	**Learning Goals:** • Use students' own data or a variety of case studies to complete income tax returns.	**Materials** • QuickTax • CRA Student workbook • Quick Tax Modules 6 and 8

				Assessment Opportunities
	Minds On…	**Whole Class → Discussion** Discuss any questions students have with using Quick Tax. Have selected students share what information they have in order to complete their claim.		
	Action!	**Individual → Practice** Students prepare a tax form for themselves or for one of the case studies. Select appropriate case studies for students from the CRA workbook or the Intuit QuickTax Manual (Modules 6 and 8 refer to Ontario Tax situations). The manual is available online , and it is advisable to register with Intuit's education section at: http://www.intuit.ca/en/education/resources.jsp , where you have the option to "Login to gain access to the Curriculum Support Library, Exercises, Case Studies, PDF copies of the Instructor Guide and more. Access is free - e-mail educanada@intuit.com or call 1 888 829-8689 if you have misplaced your access code." **Curriculum Expectations/Performance Task/Checklist** As you assist students, record any strengths or weaknesses noticed in their attainment of the learning goal. **Mathematical Process Focus: Problem Solving**		
	Consolidate Debrief	**Individual → Reflection** Students reflect on the process of completing the income tax return using the Quick Tax software versus doing it by hand. Also, students could also reflect on how using this software may compare to using a service presented on Day 9.		
	Application	**Home Activity or Further Classroom Consolidation** Finish income tax form and summary.		