

Module 2 - Income and Taxes

HANDOUT 2-8

Glossary

Canada Pension Plan: A program that provides income to seniors. It is based on your contributions over your working life in Canada.

Canada Pension Plan deduction: An amount that is deducted from your paycheque (4.95% of gross pay as of 2011) up to a maximum amount each year.

Canada Revenue Agency: An arm of the government of Canada that collects taxes.

Deduct: To take away. For instance, if you are self-employed, you can deduct business expenses from your taxable income.

Employment Insurance (EI): A government program that helps the unemployed for a limited period of time while they look for work or upgrade their skills. EI also provides short term support for people who fall ill, have a new baby, or need to care for a family member who is very ill.

Employment Insurance deduction: An amount that is deducted from your paycheque (1.78% of gross as of 2011) up to a maximum amount each year.

Earned income: All of the money that comes into the household from employment or self-employment.

Exemption level: There is a basic federal amount for all of Canada. People who earn less than this amount do not pay income tax. Each province also has their own basic amount or exemption level.

Gross income: All of the money that comes into the household, before taxes.

Identity theft: When someone steals information about you and uses it to buy things or get cash in your name.

Income tax return: A set of forms filled out each year that calculates your tax amount for the previous year.

Income tax refund: The amount of money the government owes you based on your income tax return.

Inheritance: Money that someone leaves to you when they die.

Notice of Assessment: After you file your taxes, the Canada Revenue Agency sends you a letter called a Notice of Assessment. The notice confirms your tax amounts and explains any changes that the Canada Revenue Agency made to your return.

Reimburse: To pay someone back for an expense.

Social Insurance Number (SIN): A nine-digit number that you must have to work in Canada or to receive government benefits.