FOM 10 **7.3/7.4 Worksheet** Name: KEY

1) Marty earns $33.75 per hour for 39 hours work per week gross pay as a manager. If Marty has annual federal and provincial taxes of $14876, CPP of $2564.10, EI of $836.19, what is his **net semi-monthly pay**?

assume he works 52 weeks/yr here...

Annual Gross = $33.75/h × 39h × 52 wks = $68,445

Annual Net = Gross − Tax − CPP − EI
= $68445 − $14876 − $2564.10 − $836.19
= $50,168.71

Semi-monthly Net = Annual Net / (twice/month × 12 months) = $50168.71 / 24 = $2090.36

net semi-monthly pay: $2090.36

2) Amy's **semi-monthly net** pay is $2460. She pays annual income taxes of $16 779.75, CPP of $2564.10, and EI of $836.19. What is Amy's **hourly gross** pay if she works a 43 hour work week? Assume 52 weeks

semi-monthly (twice/month × 12 months)

Annual Net = $2460 × 24 = $59040

Annual Gross = Net + deductions!
= $59040 + $16779.75 (tax) + $2564.10 (CPP) + $836.19 (EI)
= $79220.04

Hourly Gross = $79220.04 ÷ 52 (weeks) ÷ 43 (hours/wk) = $35.43/hr (gross)

3) Flora's **gross annual income** in 2019 is $88 000. She pays $15 809 in personal tax, $2564 in CPP, and $836 in EI. What is Flora's monthly net pay? What is her bi-weekly net pay?

Annual Net = Gross − Tax − CPP − EI
= $88000 − $15809 − $2564 − $836
= $68791 net/yr

every 2 weeks... 52/2 = 26!

monthly net:
Annual Net / 12 mo/yr = $68791 / 12
= $5732.58

Bi-weekly net:
Annual Net / 26 = $68791 / 26
= $2645.81

Monthly Net Pay: $5732.58
Bi-weekly Net Pay: $2645.81

4) **Determine the amount of <u>total tax</u> on gross earnings of $47 000. Assume CPP and EI have been paid and they are tax credits.**

under 55 300 → CPP: (gross − 3500) × 0.0495 = (47000 − 3500) × 0.0495 = 43500 × 0.0495 = $2153.25

under 51300 → EI: gross × 0.0163 = 47000 × 0.0163 = $766.10

Total (CPP + EI): 2153.25 (CPP) + 766.10 (EI) = $2919.35

Fed tax: B1 = max = $6887.40

B2 minimum → B2 = 47000 − 45916 = $1084 × 0.205 (amount @ 20.5%) = $222.22

$6887.40 (B1) + $222.22 (B2) = $7109.62

Fed Tax Credits: = (Basic Fed credit + CPP/EI) × 0.15
= (12813 + 2919.35) × 0.15
= (15732.35) × 0.15 = $2359.85

Fed Total Tax: = Fed. Tax − Fed Tax Credits
= $7109.62 − $2359.85 = $4749.77

Prov tax: B1 = max = $1968.24

B2 minimum → B2 = 47000 − 38898 = $810 2 × 0.077 (amount @ 7.70%) = $623.85

$1968.24 (B1) + $623.85 (B2) = $2592.09

Prov Tax Credits: = (Basic Prov. credit + CPP/EI) × 0.0506
= (10207 + 2919.35) × 0.0506
= (13126.35) × 0.0506 = $664.19

Prov Total Tax: = Prov Tax − Prov. Tax Credits
= $2592.09 − $664.19 = $1927.90

Total Tax:
= Total Fed Tax + Total Prov Tax
= $4749.77 + $1927.90 = $6677.67 (Total Tax)

5) **Trevor works 36 h per week, 50 weeks a year, making $38/h. What is his <u>net pay per hour</u> after paying federal and provincial taxes, plus CPP and EI.**

Gross pay: $38 × 36h × 50 = $68400

over 55300 → CPP: = max = $2564.10

over 51300 → EI: = max = $836.19

Total (CPP + EI):
$2564.10 + $836.19 = $3400.29

Fed tax: B1 = max = $6887.40

B2 minimum → B2 = 68400 − 45916 = $22484 × 0.205 (amount @ 20.5%) = $4609.22

$6887.40 (B1) + $4609.22 (B2) = $11496.62

Fed Tax Credits: = (Basic Fed. Credit + CPP/EI) × 0.15
= (12813 + 3400.29) × 0.15
= (16213.29) × 0.15 = $2431.99

* Fed Total Tax: = Fed Tax − Fed. Tax Credits
= $11496.62 − $2431.99 = $9064.63

Prov tax: B1 = max = $1968.24

B2 minimum → B2 = 68400 − 38898 = $29502 × 0.077 (amount @ 7.7%) = $2271.65

$1968.24 (B1) + $2271.65 (B2) = $4239.89

Prov Tax Credits: = (Basic Prov. Credit + CPP/EI) × 0.0506
= (10207 + 3400.29) × 0.0506
= (13607.29) × 0.0506 = $688.53

* Prov Total Tax: = Prov Tax − Prov. Tax Credits
= $4239.89 − $688.53 = $3551.36

Annual Net pay: = Gross − CPP/EI − Fed. Tax (total) − Prov. Tax (total)
= 68400 − 3400.29 − 9064.63 − 3551.36 = $52383.72

TURN OVER!

Hourly Net pay:

52383.72 (annual net) ÷ 50 (weeks worked/yr) ÷ 36 (hrs/week) = $29.10/hr net

6) Jaclyn works 40 h per week, 52 weeks a year, making $28/h. What is her <u>net pay per hour</u> after paying federal and provincial taxes, plus CPP and EI.

Gross pay: $28 × 40 × 52 = $58240

CPP: = max = $2564.10

EI: = max = $836.19

Total (CPP + EI):

$2564.10 + $836.19 = $3400.29

Fed tax: B1 = max = $6887.40

B2 minimum: B2 = 58240 − 45916 = $12324 × 0.205 = $2526.42 (amount @ 20.5%)

$6887.40 (B1) + $2526.42 (B2) = $9413.82

Fed Tax Credits: = (Basic Fed Credit + CPP/EI) × 0.15

= (12813 + 3400.29) × 0.15

= (16213.29) × 0.15 = $2431.99

Fed Total Tax: = Fed Tax − Fed Tax Credits

= $9413.82 − $2431.99 = $6981.83

Prov tax: B1 = max = $1968.24

B2 minimum: B2 = 58240 − 38898 = $19342 × 0.077 = $1489.33 (amount @ 7.7%)

$1968.24 + $1489.33 = $3457.57

Prov Tax Credits: = (Basic Prov. Amount + CPP/EI) × 0.0506

= (10207 + 3400.29) × 0.0506

= (13,607.29) × 0.0506 = $688.53

Prov Total Tax: = Prov Tax − Prov Tax Credits

= 3457.57 − 688.53 = $2769.04

Annual Net pay: = Gross − CPP/EI − Fed Tax − Prov Tax

= 58240 − 3400.29 − 6981.83 − 2769.04

= $45088.84

Hourly Net pay:

$45088.84 ÷ 52 ÷ 40 = $21.68/hr net