

2020

Name: KEY

Fall 2019 - FOM 10 - Ch 7 Practice Test

- Ryan is a valet-parking attendant at a restaurant in Calgary. He works 20 h/week. He earns \$11.85/h, plus about \$75/week in tips. How long will it take Ryan to earn \$5000?

$$\$11.85/h \times 20h = \$237$$

$$\$237 + \$75 = \$312/wk$$

$$\$5000 \div 312 = 16.03 \text{ wks}$$

It will take him just over 16 weeks to earn \$5000

- Danielle is a loss-prevention officer. She earns \$14.50/h, plus time and a half for any hours over 40 h/week. This week, Danielle worked 49 h. Jessica has a part-time job doing customer surveys. She earns \$5.00 for each 15 min survey and she does 5 hours of surveys a day, 5 days a week. What does each person make for the week and who earns more?

Danielle:

$$\$14.50/h \times 40h = \$580$$

$$\$14.50/h \times 1.5 \times 9h = \$195.75$$

$$\$580 + \$195.75 = \$775.75/wk$$

Jessica:

$$60 \text{ min} \div 15 \text{ min} = 4 \text{ surveys/h}$$

$$4 \text{ surveys} \times 5h \times 5 \text{ days} = 100 \text{ surveys}$$

$$\$5.00 \times 100 \text{ surveys} = \$500/wk$$

time and a half

Danielle earns more per week

- Jane sells clothing part time at RR's Boutique. Her monthly salary is \$750. She gets 3% commission on the first \$15 000 of her sales for the month and 8% commission on sales over \$20 000. ^{Jasmine's} ~~Jane's~~ total sales for September were \$38 200. What was Jane's gross income for the month?

$$3\% \text{ on First } \$15000 \rightarrow \$15000 \times 0.03 = \$450$$

$$8\% \text{ on Over } \$15000 \rightarrow \$38200 - 15000 = \$23200 \times 0.08 = \$1856$$

$$\text{Gross} = \underset{\substack{\uparrow \\ \text{salary}}}{\$750} + \$450 + \$1856 = \boxed{\$3056} \text{ was Jane's gross income for the month}$$

4. Esmeralda's average sales commission for a new car at a dealership is 3.8% annually on sales of \$2 500 000. Personal annual taxes are \$18 237, CPP is \$2564, and EI is \$836. What is Esmeralda's average bi-weekly net pay? = 26 payments/year!

$$\text{Annual Gross} = 3.8\% \text{ of } \$2\,500\,000 = 0.038 \times 2\,500\,000 = \boxed{\$9\,500} \text{ gross/yr.}$$

$$\text{Annual Net} = \overset{\text{gross}}{9\,500} - \overset{\text{tax}}{18\,237} - \overset{\text{CPP}}{2\,564} - \overset{\text{EI}}{836}$$

$$= \$73\,363 \div 26 = \boxed{\$2\,821.65} \text{ net bi-weekly}$$

↑
bi-weekly

5. Scott is paid \$24.50/h for a 38.5h work week. If his bi-weekly deductions are \$287 for taxes, \$81 for CPP and \$29 for EI, what is his net pay per hour? ← 2 weeks

$$\text{Bi-weekly Gross} = \$24.50 \times 38.5 \frac{\text{h}}{\text{wk}} \times 2 = \boxed{\$1\,886.50} \text{ gross bi-weekly}$$

$$\text{Bi-weekly Net} = \overset{\text{gross}}{1\,886.50} - \overset{\text{tax}}{287} - \overset{\text{CPP}}{81} - \overset{\text{EI}}{29} = \boxed{\$1\,489.50} \text{ net bi-weekly}$$

$$\boxed{\$1\,489.50} \div 2 \div 38.5 = \boxed{\$19.34} \text{ net per hour}$$

↑ weeks ↑ hrs/wk

6. Jana's net pay is \$1064 for a 35 hour week. Her personal annual taxes are \$13 773, CPP is \$2564 and EI is \$836. What is her gross pay per hour?

$$\text{Annual Net} = \$1\,064 \times 52 = \boxed{\$55\,328} \text{ net per year}$$

↑ per week (35 hrs) ↑ weeks

Gross = Net + Deductions

$$\text{Gross} = \overset{\text{net}}{55\,328} + \overset{\text{tax}}{13\,773} + \overset{\text{CPP}}{2\,564} + \overset{\text{EI}}{836} = \boxed{\$72\,501} \text{ gross per year}$$

$$\boxed{\$72\,501} \div 52 \div 35 = \boxed{\$39.84} \text{ gross per hour}$$

↑ wks/yr ↑ hrs/wk

7. Determine the amount of total tax on gross earnings of \$35 000. Assume CPP and EI have been paid and they are tax credits.

under 55300
under 51300

$$\text{CPP} = (\text{gross} - 3500) \times 0.0495 = (35000 - 3500) \times 0.0495 = 31500 \times 0.0495 = \boxed{\$1559.25}$$

$$\text{EI} = \text{gross} \times 0.0163 = 35000 \times 0.0163 = \boxed{\$570.50}$$

$$\text{Total (CPP + EI)}: \quad \boxed{\$1559.25} + \boxed{\$570.50} = \boxed{\$2129.75}$$

$$\text{Fed tax: BI: } 35000 \times 0.15 = \boxed{\$5250}$$

All \$ In Bracket 1!

$$\begin{aligned} \text{Fed Tax Credits:} &= (\text{Basic Fed Credit} + \text{CPP/EI}) \times 0.15 \\ &= (\$12813 + \$2129.75) \times 0.15 \\ &= (\$14942.75) \times 0.15 = \boxed{\$2241.41} \end{aligned}$$

$$\begin{aligned} \text{Fed Total Tax:} &= \text{Fed Tax} - \text{Fed. Tax Credits} \\ &= \$5250 - \$2241.41 = \boxed{\$3008.59} * \end{aligned}$$

$$\text{Prov tax: BI: } 35000 \times 0.0506 = \boxed{\$1771}$$

All \$ in Bracket 1!

$$\begin{aligned} \text{Prov Tax Credits:} &= (\text{Basic Prov. Credit} + \text{CPP/EI}) \times 0.0506 \\ &= (10207 + 2129.75) \times 0.0506 \\ &= (12336.75) \times 0.0506 = \boxed{\$624.24} \end{aligned}$$

$$\begin{aligned} \text{Prov Total Tax:} &= \text{Prov. Tax} - \text{Prov. Tax Credits} \\ &= \$1771 - \$624.24 = \boxed{\$1146.76} * \end{aligned}$$

Total Tax:

$$= \text{Fed. Total Tax} + \text{Prov. Total Tax}$$

$$= \$3008.59 + \$1146.76$$

$$= \boxed{\$4155.35}$$

in total tax

Turn Over ✓

8. Jon works 35 h per week, 52 weeks a year, making \$48/h. What is his net pay per hour after paying federal and provincial taxes, plus CPP and EI.

Gross pay: $\$48 \times 35 \text{ h/wk} \times 52 \text{ wks/yr} = \boxed{\$87360}$ ^{gross per year} ↻

over 55300 → CPP: = max = $\boxed{\$2564.10}$

over 51300 → EI: = max = $\boxed{\$836.19}$

Total (CPP + EI): = $\$2564.10 + \$836.19 = \boxed{\$3400.29}$

Fed tax:

B1: max = $\$6887.40$ amount @ 20.5%

B2 minimum gross → B2: $87360 - 45916 = \$41444 \times 0.205 = \8496.02

$\frac{\$6887.40}{B1} + \frac{\$8496.02}{B2} = \boxed{\$15383.42}$

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

Fed Total Tax: = $\$15383.42 - \$2431.99 = \boxed{\$12951.43} *$

Prov tax:

B1: max = $\$1968.24$

B2: max = $\$2995.22$

B3: ^{gross} $87360 - \frac{\$77797}{B3 \text{ minimum}} = \$9563 \times 0.105 = \boxed{\$1004.12}$ amount @ 10.5%

$\frac{\$1968.24}{B1} + \frac{\$2995.22}{B2} + \frac{\$1004.12}{B3} = \boxed{\$5967.58}$

Prov Tax Credits:

= (Prov. Basic + CPP/EI) × 0.0506
 = (10207 + 3400.29) × 0.0506

Prov Total Tax: = (13607.29) × 0.0506 = $\boxed{\$688.53}$

= $\$5967.58 - \$688.53 = \boxed{\$5279.05} *$

Net pay: (Annual) = Gross - CPP/EI - Fed. Total tax - Prov. Total tax
 = $87360 - 3400.29 - 12951.43 - 5279.05$

Hourly Net pay: = $\boxed{\$65729.23}$

$\$65729 \div 52 \div 35 = \boxed{\$36.11}$ net per hour
 ↑ weeks ↑ hrs/wk

gross of \$87360, in BC Tax Bracket 3!