

Key

Chapter 2 Review Questions

1. John's gross pay for one month is \$ 1800.00. He is paid semimonthly.

- a. How many times a month does he get a pay cheque?

TWO TIMES

- b. How many pay cheques does he get per year?

$$2 \text{ cheques/month} \times 12 \text{ months/yr} = \boxed{24 \text{ cheques/yr}}$$

- c. What is his annual gross salary?

$$\$1800/\text{month} \times 12 = \boxed{\$21600.00/\text{yr}}$$

2. Brian gets paid \$ 10.50/h and works a 35 hour work week; claim code 1.

- a. What is Brian's weekly gross pay?

$$35 \text{ hrs/wk} \times \$10.50/\text{hr} = \boxed{\$367.50/\text{week}}$$

- b. How much Federal Tax does he pay?

\$ 20.00

- c. How much Provincial Tax does he pay?

\$ 2.10

- d. What are his CPP contributions?

\$ 14.86

- e. What are his EI contributions?

\$ 6.36

Total deductions

= \$ 43.32

- f. What is his net pay for the week?

$$\$367.50 - \$43.32 = \boxed{\$324.18}$$

- g. What is his net pay for one year of work?

$$\begin{array}{l} \$324.18/\text{week} \\ \text{(net per week)} \end{array} \times 52 \text{ weeks} = \boxed{\$16857.36/\text{yr}}$$

3. Trevor earns \$ 415.52 per week.

a. What percentage of his gross pay goes towards EI?

$$EI = \$7.19 \quad \% EI = \frac{\$7.19}{\$415.52} = \boxed{1.73\%}$$

b. What % of his gross pay is federal and provincial taxes? Claim Code 1.

$$\text{Fed: } \$26.75 \quad \text{Prov.: } \$5.90 \quad \text{Total} = \$32.65 \quad \% \text{ tax} = \frac{\$32.65}{\$415.52} = \boxed{7.86\%}$$

c. What % of his gross pay is his net pay?

$$\text{held CPP: } \$17.24$$

$$\text{Net Pay} = \$415.52 - \$57.08 = \$358.44$$

$$\text{Total deductions} = \$7.19 + \$26.75 + \$5.90 + \$17.24 = \$57.08$$

4. James has a monthly salary of \$ 1650.00. If he is paid weekly, how much does he pay towards Federal Taxes every week? Claim Code 1.

$$\$1650.00/\text{month} \div 4.33 \text{ weeks/month} = \$381.06$$

$$\text{Fed} = \boxed{\$21.70}$$

$$\% = \frac{\text{net pay}}{\text{gross pay}} = \frac{\$358.44}{\$415.52}$$

$$= \boxed{86.3\%}$$

5. Bernard is paid \$ 9.00/h. If he works overtime he is paid time and a half. In one week he works 35 hours of regular time and 4 hours of overtime. How much does he pay in Federal Tax? Claim Code 1.

$$35 \text{ hours} \times \$9.00/\text{h} = \$315$$

$$4 \text{ hrs} \times (\$9.00 \times 1.50)$$

$$= 4 \text{ hrs} \times (\$13.50) = \$54$$

$$\text{Total gross pay} = \$369.00$$

$$\text{Fed tax} = \boxed{\$20.00}$$