

Net Income and Deductions Calculations

Example #1: Fred earns \$15 per hour and works 45 hours per week.

a) What does Fred earn in one week?

b) What does Fred earn in one year?

c) Use the “DEDUCTIONS TABLE” at the start of yesterday’s lesson to calculate Fred’s total deductions on her earnings for the year.

Deduction Type	Tax Rate (%)	Calculation	Amount Deducted
CPP			
EI			
Federal Tax			
Provincial Tax			
		Total Deductions:	

d) All together, what was the total percentage deducted from Fred’s pay?

e) What is Fred’s Net Pay for the year?

Practice

1. Simone earns minimum wage, \$14/hr.
 - a) What does she earn in a 40-hour week?

 - b) What will she earn in one year?

 - c) Use the “DEDUCTIONS TABLE” at the start of this lesson to calculate Simone’s total deductions on her earnings for the year.

Deduction Type	Tax Rate (%)	Calculation	Amount Deducted
CPP			
EI			
Federal Tax			
Provincial Tax			
Total Deductions:			

- d) All together, what was the total percentage deducted from Simone’s pay?

- e) What is Simone’s Net Pay for the year?

2. Pierre earns \$20 000 per year.

a) If he works 50 weeks per year, what is his weekly gross pay?

b) Use the “DEDUCTIONS TABLE” at the start of this lesson to calculate Pierre’s total deductions on his earnings for the year.

Deduction Type	Tax Rate (%)	Calculation	Amount Deducted
CPP			
EI			
Federal Tax			
Provincial Tax			
Total Deductions:			

d) All together, what was the total percentage deducted from Pierre’s pay?

e) What is Pierre’s Net Pay for the year?

3. Amira works as a physiotherapist at a local clinic. Her annual gross income is \$48 000.

a) Calculate her CPP deduction.

b) Calculate her EI deduction.

c) Calculate her Provincial tax deduction.

d) Calculate her Federal tax deduction.