

## **Paycheques and Taxes Assignment**

*Answer all questions in complete sentences where possible. Some questions are opinion-based, so there may not be one single correct answer, what matters is that your reasoning makes sense.*

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### **1. Understanding Paycheques**

- a) What is a paycheque, and what is it usually used for?
- b) Explain the difference between gross pay and net pay.
- c) Give two examples of mandatory deductions and two examples of voluntary deductions.

### **2. Pay Periods & Information**

- a) List four common pay periods.
- b) What information about the employee and employer is typically included on a paycheque?

### **3. Taxes**

- a) What is the main purpose of taxes? Give two examples of how taxes are used in everyday life.
- b) What is the difference between a direct tax and an indirect tax?
- c) Is income tax an example of a direct or indirect tax? Explain.
- d) Is HST an example of a direct or indirect tax? Explain.

### **4. Real-World Application / Reflection (Opinion-Based)**

Imagine you receive a paycheque with \$1,000 gross pay. After mandatory and voluntary deductions, you receive \$690 net pay. How might you budget the net pay, and why?

Do you think taxes are always used wisely? Explain your reasoning.

## Answer Key

1.

a) **What is a paycheque, and what is it usually used for?**

- **Answer:** A paycheque is a sum of money usually printed on paper representing salary or wages made out to an employee. It's used to pay employees for the work they have done.

b) **Difference between gross pay and net pay:**

- **Answer:**
  - **Gross pay:** Total money earned during a pay period, including base salary, overtime, and bonuses.
  - **Net pay:** The amount you actually receive after all deductions.

c) **Two examples of mandatory deductions and two of voluntary deductions:**

- **Answer:**
  - Mandatory: income taxes, payroll taxes
  - Voluntary: retirement plan contributions, health insurance premiums
- **Students may give any examples from the slide. Mandatory deductions are required by law; voluntary ones are chosen by the employee.**

2.

a) **List four common pay periods:**

- **Answer:** Weekly, bi-weekly, semi-monthly, monthly

b) **Information about employee and employer on a paycheque:**

- **Answer:** Names and addresses of both employee and employer  
This ensures both parties are identified for payment and tax purposes.

3.

a) **Main purpose of taxes and two examples of use:**

- **Answer:** Taxes provide revenue for the government to operate and serve citizens.  
Examples: building/maintaining roads, operating public education or healthcare, supporting police and fire departments.

***Any example that shows taxes being used for public services is correct***

b) **Difference between direct and indirect tax:**

- **Answer:**
  - Direct tax: taxpayer pays directly to the government (e.g., income tax)
  - Indirect tax: can be passed on to someone else, usually included in the price of a product (e.g., HST)

c) **Is income tax direct or indirect?**

- **Answer:** Direct tax  
Income tax is taken straight from earnings. "Indirect" would be wrong because the individual does not pass it to someone else, it's paid directly to the government.

d) **Is HST direct or indirect?**

- **Answer:** Indirect tax  
HST is included in the price of goods and services. The consumer pays it, and the business remits it to the government. "Direct" would be wrong because the tax isn't taken directly from income, it's included in purchases.

4.

**Scenario – Budgeting \$690 net pay:**

- **Answer:** No single answer; students could allocate money to essentials (rent, food, bills), savings, and personal spending. Reasoning should reflect understanding of budgeting.  
*The key is that students show thoughtful allocation based on income and expenses.*
- **Do you think taxes are always used wisely?**
  - **Answer:** No single answer. Students may say yes, no, or sometimes. They should explain reasoning, examples could include good uses (schools, roads) or questionable spending.