

## Glossary

### Handout 2-8

**Canada Pension Plan (CPP) and Quebec Pension Plan (QPP):** A program that provides income to seniors. It is based on your contributions over your working life in Canada.

**Canada Pension Plan deduction:** An amount that is deducted from your paycheque (4.95% of gross pay as of 2018) up to a maximum amount each year.

**Canada Revenue Agency:** The federal agency that administers the tax system, tax laws, and benefit programs delivered through the tax system, for the Government of Canada.

**Deduct:** To subtract or take away. For instance, if you are self-employed, you can deduct business expenses from your taxable income.

**Earned income:** All of the money that comes into the household from employment or self-employment.

**Employment Insurance (EI):** A government program that provides temporary income assistance to individuals who have recently lost a job, while they look for employment. The EI program also provides short term support for people who fall ill, have a new baby, or need to care for a family member who is very ill.

**Employment Insurance deduction:** An amount that is deducted from your paycheque (1.63% of gross as of 2017, 1.27% in Quebec) up to a maximum amount each year.

**Exemption level:** An exemption is a deduction allowed by law to reduce the amount of income that will be taxed. On tax returns in Canada, there is a basic federal exemption level for everyone. People who earn less than this amount do not pay income tax. Each province also has their own basic amount or exemption level.

**Gross income:** All of the money that comes into the household, before taxes.

**Income tax return:** A set of forms (paper or online) in which you report the sum of your previous year's taxable income, tax credits, and other information relating to these items. The result of a tax return is that you will either receive a refund, or owe an amount.

**Income tax refund:** The amount of money the government owes you based on your income tax return.

**Inheritance:** Money that someone leaves to you when they die.

**Notice of Assessment:** After you file your taxes, the Canada Revenue Agency sends you a letter called a Notice of Assessment. The notice confirms your tax amounts and explains any changes that the Canada Revenue Agency made to your return.

**Reimburse:** To pay someone back for an expense.

**Social Insurance Number (SIN):** A nine-digit number that you must have to work in Canada or to receive government benefits.