

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.