

*Let's Talk*  
**TAXES**

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Your pay stub is a source of valuable information



It shows you **how your income is distributed**, gives you a heads-up on **what to expect at tax time** and allows you to set a **realistic budget**



*Understanding your*  
**PAYCHEQUE**



## Gross Pay

The total amount you earn before withholdings

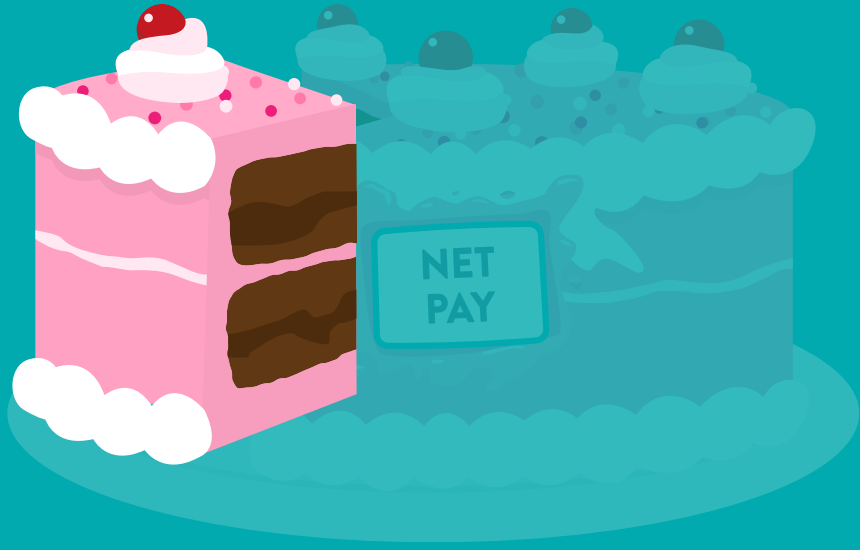
You usually think of it in terms of your salary or your hourly wage



## Net Pay

Your take-home pay

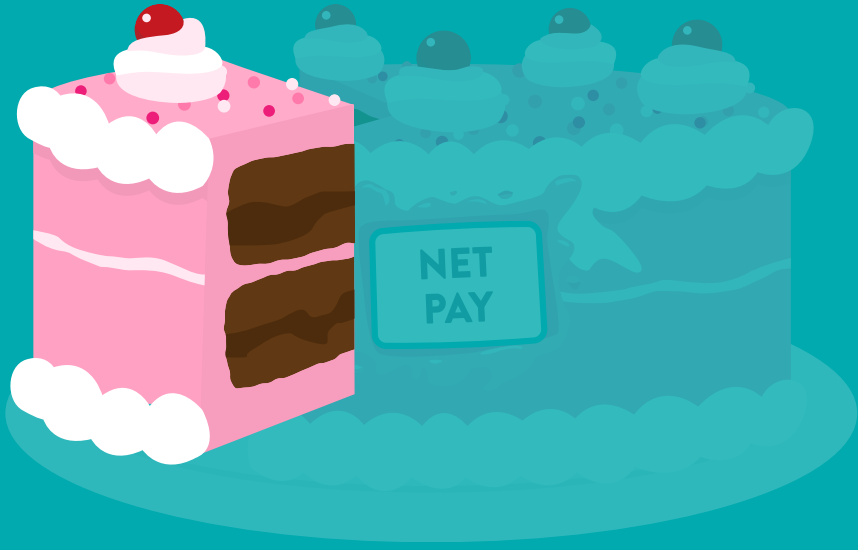
It's what's left of your earnings after withholdings have been deducted



## Withholdings

The portion of your paycheque that your employer withholds for the government

These can also be referred to as **Involuntary** or **Mandatory Deductions**



## Deductions

Other, voluntary amounts that are taken from your paycheque

They vary from person to person and are also known as **Voluntary Deductions**



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# Your pay stub may look a little different

Keep in mind that your pay stub may use the term “deduction” to refer to **both** withholdings **and** deductions



*Let's talk*

**WITHHOLDINGS**

# FEDERAL TAXES



**Federal income tax is automatically deducted from your paycheque**

The amount deducted depends on the federal tax rate as well as how much money you make

# FEDERAL TAXES

Your federal tax dollars go toward things like:



***Public  
Safety***



***Education***



***Infrastructure***



***National  
Defence***

# FEDERAL TAXES



The amount of tax withheld on your paycheque might be higher or lower than the actual amount of federal tax due to the government, so you may find yourself owing additional funds or getting a refund at tax time

# PROVINCIAL AND LOCAL TAXES



**Depending on where you live,**  
amounts may also be withheld for  
provincial and local taxes

# PROVINCIAL AND LOCAL TAXES

Your provincial and local tax dollars go toward things like:



***Schools***



***Healthcare***



***Public  
Transportation***



***Low-Income  
Assistance***

# EMPLOYMENT INSURANCE (EI)



**Employment Insurance** provides regular benefits to those who lose their jobs through no fault of their own (e.g., due to sickness, injury, mass layoffs or shortage of work)



# CANADA PENSION PLAN (CPP)



**Canada Pension Plan** contributions mainly go toward providing retirement benefits—payments are deducted from your paycheque and can be applied for and received in retirement (typically at age 65)

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# **VOLUNTARY DEDUCTIONS**

# VOLUNTARY DEDUCTIONS

## EXTENDED HEALTH COVERAGE

This includes premiums for extended medical, dental or vision plans



## RETIREMENT SAVINGS

Contributions to your RRSP can be taken directly from your pay



## LIFE INSURANCE

Insurance coverage premiums may also be deducted



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Sources: Government of Canada, Duke University, The Balance

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