**The Flow of Money (U4)**

Assignment #2

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Directions: Analyze the following earnings statement to answer the questions below.

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| EARNINGS STATEMENT**REFERENCE NO**. 123456PP**PAY PERIOD**: 2018-02-12 to 2018-02-16**EMPLOYEE**: Johnny KitsalanoPizza Palace |
| HOURS | RATE | AMOUNT | YTD AMOUNT | DEDUCTIONS | AMOUNT | YTD AMOUNT |
| 40 | 13.50 | 540.00 | 540.00 | Federal Income Tax | -61.33 | -61.33 |
| 8 | 20.25 | 162.00 | 162.00 | MB Income Tax | -53.43 | -53.43 |
|  |  |  |  | CPP | -31.42 | -31.42 |
|  |  |  |  | EI | -11.65 | -11.65 |
|  |  |  |  | Optional: Life Insurance | -8.26 | -8.26 |
|  |  |  |  | Optional: United Way | -20.00 | -20.00 |
|  |  |  | TOTAL DEDUCTIONS | -186.09 | -186.09 |
|  |  |  |  |  |  |
| PAY PERIOD | FEDERAL EXEMPTION | PROVINCIAL EXEMPTION | **GROSS PAY** | TOTAL DEDUCTIONS | **NET PAY** |
| 2018-02-16 | 11,809.00 | 9,382.00 | 702.00 | -186.09 |  |

1. Explain why Johnny has two hourly wage rates on this earnings statement.
2. You will notice the Net Pay has not yet been calculated. Calculate Johnny’s Net Pay and place the answer in the correct spot on the earnings statement.
3. Explain the main difference between **Gross Pay** and **Net Pay**.
4. (A) How much is Johnny contributing to CPP for this pay period? (B) How much would his employer need to contribute on Johnny’s behalf?
5. What does CPP stand for and what is its purpose?
6. (A) How much is Johnny contributing to EI for this pay period? (B) How much would his employer need to contribute on Johnny’s behalf?
7. What does EI stand for and what is its purpose?
8. (A) What were the total optional deductions that Johnny chose to have taken off of his paycheque for this pay period? (B) What were these deductions for?
9. If Johnny wanted to confirm that his income tax, CPP and EI deductions were accurate for this pay period, where could he look?
10. What is the purpose of filling out a federal and provincial Personal Tax Credit Return form?