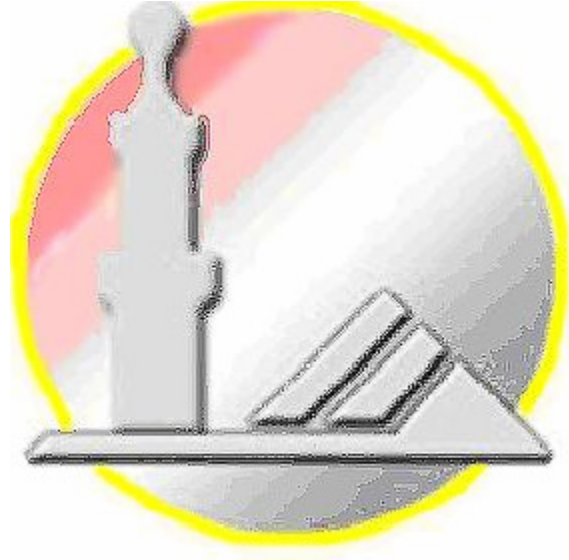


EGYPTIAN STUDENT ASSOCIATION
IN NORTH AMERICA (ESANA)

إتحاد الدارسين المصريين بأمریکا الشمالية



Taxes

Your Pre-Departure Guide to Canada

2007



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Understanding the taxes system

There are two types of taxes in Canada, income tax and sales tax. You pay income tax on your income during the year, and you pay sales tax on items you buy and services rendered to you. Income tax and sales tax vary from province to another.

1. Sales Tax

You see a sweater in a shop and the price tag says \$39.99; you decide to buy it. When you are paying for it the cashier asks for \$45.59. What!!!? Yes, you heard him right, you have to pay sales taxes.

Sales tax has 2 components GST (government sales tax) and PST (provincial sales tax). GST is always 7%, PST (or HST as it is called in Quebec) can vary from as low as 0% in Alberta to as high as 8%. You have to take taxes in account because it affects the price you pay. Note that some items (like unprepared food) are exempted from sales taxes.

2. Income tax

Income tax is paid through out the year (in instalments deducted from your pay) or they can be paid as one payment at the end of the year. In the New Year and before May 1st you have to submit your tax return forms for the previous year.

These forms are a report of your income and a calculation of the taxes

that you owe the government, If you didn't pay it already, you will have to pay. If you already paid, you may be eligible for a tax rebate from the government if what you owe is less than what you paid.

Students with low income usually don't pay taxes, but on the contrary the government pays for them any taxes deducted from their salaries during the taxing year and most of the low-income students are eligible for the GST refund.

Also, low-income families with children who stayed in Canada for more than 18 months are eligible to receive child tax benefits from the government.

For more information on Revenue Canada, go to their web site at:

<http://www.cra-arc.gc.ca/>

It is very important that you obtain the information slips required by the average student (T4, T4A and T2202A).

The university will mail these to you before April. If you do not get them, you should contact your department.

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