

Federal tax rates for 2017

- 15% on the first \$ 45,916 of taxable income ($0 < \text{taxable income} \leq \$ 45,916$)
- 20.5% on the next \$ 45,915 of taxable income ($\$45,916 < \text{taxable income} \leq \$ 91,831$)
- 26% on the next \$ 50,522 of taxable income ($\$91,831 < \text{taxable income} \leq \$142,353$)
- 29% on the next \$ 60,447 of taxable income ($\$142,353 < \text{taxable income} \leq \$202,800$)
- 33% of taxable income over \$202,800. ($\text{taxable income} > \$202,800$)

Ontario tax rates for 2017

- 5.05% on the first \$ 42,201 of taxable income
- 9.15% on the next \$ 42,203 +
- 11.16% on the next \$ 65,596 +
- 12.16% on the next \$70,000 +
- 13.16 % on the amount over \$220,000

Exercises

1. Freddy makes \$15/h as a cashier and works 18 hours per week for forty-two weeks of the year, and 36 hours per week for nine weeks of the year. Determine his taxable income and his net income.
2. Wendy makes \$20/h as a lifeguard and works 14 hours per week for forty-two weeks of the year, and 20 hours per week for nine weeks per year. Determine her taxable income and her net income.
3. Benson Berner works as a laboratory technician at a medical facility used by clinics and hospitals for processing biological samples.
 - a) As a recent graduate, he earns \$62,000 per year. Determine his after-tax income.
 - b) With a least 12 years of experience, a technician can earn \$94,000/a. Determine the net income.
4. Dr. Stephanie Scope researched the incomes of doctors in Canada and the US. She was surprised to discover just how much practitioners were netting after paying the costs of their practice. Examine the Canadian data in the table below. Determine the Canadian after-tax income for each type of physician.

	Earnings rose in 2005 (CDN \$)		US MDs gross more, net less (US\$)	
	Gross	Taxable Income	Gross	Taxable Income
a) Dermatologists	\$360,000	\$240,000	\$560,000	\$282,000
b) Internists	\$310,000	\$200,000	\$350,000	\$150,000
c) Ob/gyns	\$320,000	\$195,000	\$569,300	\$215,000
d) Pediatricians	\$250,000	\$160,000	\$380,000	\$147,900
e) Psychiatrists	\$190,000	\$160,000	n/a	n/a
f) GPs	\$260,000	\$155,000	\$320,900	\$134,000

(http://www.nationalreviewofmedicine.com/issue/2006/10_15-30/3_PM_your_practice01_16.html)

Examine the US data in the table above, and the following quote: “Canadian doctors, despite the problems with our system, might want to thank their lucky stars that the *tort environment* here is nowhere near as poisonous as it is in the United States. ...American malpractice insurance premiums ...were the biggest factor in holding back growth in US doctor compensation.”

What is this article trying to say about the income of MDs in Canada vs. the US?

Answers

1. 16,200.00; 12,951.90 2. 15,360.00; 12,280.32 3. 47,872.62; 70,072.45
4. 136,353.93; 115,429.93; 114,137.93; 105,093.93 (twice); 103,801.93