

Federal tax rates for 2011 are:

- 15% **on the first** \$41,544 of taxable income, +
- 22% **on the next** \$41,544 of taxable income (on the portion of taxable income between \$41,544 and \$83,088), +
- 26% **on the next** \$45,712 of taxable income (on the portion of taxable income between \$83,088 and \$128,800), +
- 29% of taxable income **over** \$128,800.

The chart below reproduces the first calculation that has to be made on *Page 2 of Schedule 1* of the tax package to calculate net federal tax. Page 1 is used to calculate federal non-refundable tax credits.

Federal tax on taxable income manual calculation chart

	Use this column if your taxable income is \$41,544 or less	Use this column if your taxable income is more than \$41,544, but not more than \$83,088	Use this column if your taxable income is more than \$83,088, but not more than \$128,800	Use this column if your taxable income is more than \$128,800	
Enter your taxable income from line 260 of your return					1
Base amount	– 0	– 41,544	– 83,088	– 128,800	2
Line 1 minus line 2 (this amount cannot be negative)	=	=	=	=	3
Federal tax rate	× 15%	× 22%	× 26%	× 29%	4
Multiply the amount on line 3 by the tax rate on line 4	=	=	=	=	5
Tax on the amount from line 2	+ 0	+ 6,232	+ 15,371	+ 27,256	6
Add lines 5 and 6	=	=	=	=	7

Tax Rates

Math 104 Section 106 - Sept 2012

Group Names and Student Numbers:

1. _____ 2. _____ 3. _____

The back of this sheet has the calculation chart for Canadian federal tax last year. Plot the amount of tax as a function of taxable income.

If you are finished the first graph: Canada's income tax rates are called **progressive** because the rate increases as income increases. A **flat** tax has the same rate for everyone, and a **regressive** tax has a lower rate the higher the taxable income. Sketch an example of each of these, pretending (but no need to label) that the scale is the same as the plot above.