

Review Questions – Multiple Choice

Name: _____

Date: _____

1. One of the following statements about the underground economy is incorrect. Identify the incorrect one by circling the corresponding letter.

- a) promotes non-compliance
- b) represents overstated income on a person's income tax return
- c) enables fraud
- d) puts legitimate businesses at a competitive disadvantage

2. Participation in the underground economy impacts Canadians. Identify which one of the following is correct by circling the corresponding letter.

- a) could lead to a loss of faith in the fairness of Canada's tax system
- b) leads to higher taxes
- c) causes an unfair tax burden on honest Canadian citizens
- d) all of the above

3. As a Canadian taxpayer, you have responsibilities. Indicate which one of the following statements about this is incorrect by circling the corresponding letter.

- a) to provide the government with the necessary information to assess your return
- b) to get help if necessary (i.e., filing your tax return)
- c) to file tax returns by the deadline
- d) to report all income except for tips and cash income

4. "Federal taxes include" Indicate which of the following most accurately completes the sentence by circling the corresponding letter.

- a) health and personal income taxes
- b) corporation and fuel taxes
- c) personal income taxes only
- d) corporation and personal income taxes

5. The federal, provincial and territorial tax systems in Canada are based on the "self-assessment" tax system. Identify the statement that most accurately describes this "system" by circling the corresponding letter.

- a) individuals assess themselves by completing a tax return
- b) individuals and business owners complete and submit a return to the government based on the taxes owed knowing that the return will never be subject to review or audit
- c) individuals and business owners assess tax owed by completing and submitting a tax return to the federal, provincial or territorial governments
- d) taxpayers complete a return based on tax owed and do not submit it to the government, but they need to keep it in case of a future review or audit

6. Which of the following is not a consumption/commodity tax? Identify it by circling the corresponding letter.

- a) fuel and gas tax
- b) tobacco tax
- c) income tax
- d) GST/HST

7. A provincial or territorial government is responsible for providing all but one of the following services. Identify it by circling the corresponding letter.

- a) education
- b) public transportation
- c) highways
- d) hospitals

8. As a Canadian taxpayer, you have rights. Indicate which one of the following is not considered to be a taxpayer right in Canada by circling the corresponding letter.

- a) the right to free postage and software when completing and filing tax returns
- b) the right to expect that your personal and financial information is protected against unauthorized use or disclosure
- c) the right to expect us to apply the law fairly and impartially
- d) the right to be served in the official language of your choice at designated bilingual offices

9. A municipal government is responsible for providing all but one of the following services. Identify it by circling the corresponding letter.

- a) health care
- b) water and sewers
- c) libraries
- d) ambulances

10. All but one of the following are examples of how the underground economy can impact society. Identify it by circling the corresponding letter.

- a) larger classes and less equipment in schools
- b) longer waits in hospital emergency rooms
- c) cutbacks to recreational facilities
- d) less DVDs available for rent or sale