

# *Understanding the* **Underground Economy**

No one likes paying taxes, and many people don't fully understand how they work. Visit the site [canada.ca/taxes-underground-economy](http://canada.ca/taxes-underground-economy) to explore some of the purposes of taxes, and the implications on self-employment income.

Near the top of the page is a video, "Be a part of the solution." View the video to identify some of the programs and services funded by taxes in Canada?

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The tax system of Canada is based on people earning their living here self-assessing their taxes owed. This site defines the underground economy as **economic activity (income) not reported to the government**, which is often referred to as working under the table.

Name four examples from the list provided.

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Visit the link to the information about the sharing economy. This includes a variety of potential sources of income, often generated by leveraging your skills or assets by connecting with consumers through an internet or app platform. What are the four options identified?

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If the sharing economy is your main or sole source of income, what tax form should you be submitting?

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How does being self-employed affect your CPP contributions?

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Most goods and services are subject to the federal GST and provincial sales tax. At what level of income do you have to register for a GST/HST account?

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The Canada Revenue Agency is committed to identifying individuals who attempt to evade paying taxes. If an individual's lifestyle is dramatically out of line with their tax filing, they might be subject to an investigation. What are some of the possible outcomes of under-reporting income?

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What advice does the government provide to help combat taxation abuse from the underground economy?

Consumers	Businesses