

Accounting vs. Tax

Accounting

A method of recording transactions, keeping financial records, performing internal audits, reporting and analyzing financial information to management and advising.

Accounting

- Identifies
- Records
- Measures
- Classifies
- Verifies
- Summarizes
- Interprets &
- Communicates financial information

It reveals profit or loss for a given period and the value and nature of a firm's assets, liabilities and owners' equity.

Accounting provides information on the resources available to a firm, the means to finance the resources and the results achieved through their use.

The accounting information is presented in reports and collected and presented in Financial statements.

Generally Accepted Accounting Principles (GAAP) and IFRS (International Financial Reporting Standards) are used to record financial information.

Tax

A tax is a mandatory financial charge or some other type of levy imposed upon a taxpayer by a governmental organization in order to fund various public expenditures. A failure to pay, or evasion of or resistance to taxation, is punishable by law.

Income tax is paid by every person resident in Canada on the taxable income for each taxation year.

The Canada Revenue Agency is the federal agency which collects tax and determines whether the tax return submitted was complete and correct.

Taxes are calculated through the tax legislation of the Income Tax Act.