

Unit 2.1: Federal Taxes

Aug 25-9:22 PM

Federal Income Tax: a federal law allowing for an employer to hold a certain amount of your pay.

BOSS man

Withholding Allowance: amount withheld depends on your income, marital status, and dependents

Nov 4-3:21 PM

Percentage Method:

using the tax tables to multiply the percentage by the amount earned yearly

Aug 25-9:47 PM

Federal Tax Rates

CURRENT TAX TABLE

If your taxable income is	Your federal income tax bracket is
$0 \leq x < \$7,550$	10 %
$\$7,550 \leq x < \$30,650$	15 %
$\$30,650 \leq x < \$74,200$	25 %
$\$74,200 \leq x < \$154,800$	28 %
$\$154,800 \leq x < \$336,550$	33 %
$\$336,550 \leq x$	35 %

Aug 25-9:23 PM

1. \$5000
 $(5000)(.10) = (5000)(.10) = \boxed{\$500}$

2. \$21,150
 earned $(7550)(.10) = \text{\$755}$ paid
 $21150 - 7550 = 13600$
 $(13600)(.15) = \text{\$2040.00}$ paid
 $755 + 2040 = \text{\$2795}$

3. \$63,940
 $(7550)(.10) = 755$
 $30650 - 7550 = 23100$
 $(23100)(.15) = 3465$
 $63940 - 30650 = 33290$
 $(33290)(.25) = 8322.50$
 $755 + 3465 + 8322.50$
 $\text{\$12,542.50}$

Apr 6-2:18 PM

Calculate the amount we pay in taxes for our current income levels. To do this you must divide your income into the different tax brackets. Suppose you earn ~~\$20,000~~. Then your income falls into the second tax bracket (15 percent). You pay 15 percent on the amount of your income that is over \$7,550. You pay 10 percent on the first \$7,550 of your income. Here's how we would calculate the tax you would pay:

20 000
 $(7550)(.10) = \text{\$755}$
 $20000 - 7550 = 12,450$
 $(12450)(.15) = \text{\$1,867.50}$

 $\text{\$2,622.50}$

Oct 23-8:59 AM

Calculate the actual tax paid by someone who earns \$50,000.

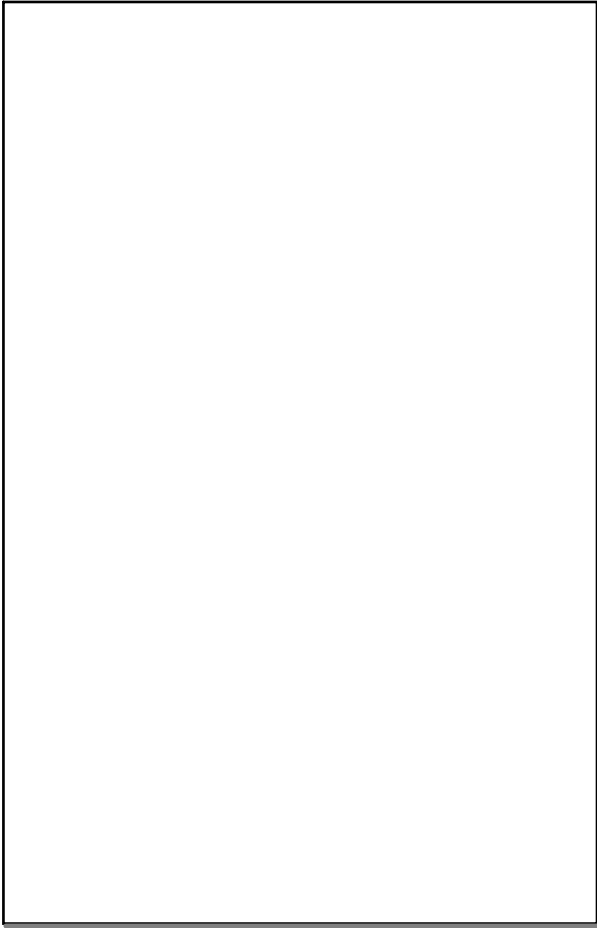
\$ 50,000
 $(7550)(.10) = \text{\$755}$
 $30650 - 7550 = 23100$
 $(23100)(.15) = 3465$
 $50000 - 30650 = 19350$
 $(19350)(.25) = 4837.50$
 $\text{\$9,057.50}$

Oct 23-8:59 AM

Use your formulas to calculate the federal income tax if your taxable income was: (show your work)

- \$5,000
- \$21,150
- \$63,940
- \$120,000
- \$300,000
- \$450,000

Oct 26-11:12 PM



Nov 3-8:13 AM