

Name _____

Mrs. Lewis_Business_Math_B_Period 5 Offsite_Learning_Packet_Day 1

State Indicator/Competency: Calculate expected values and use them to solve problems.

Instructional Objective(s):

2.1 Deductions from Gross Pay

1. Students will be able to find federal withholding tax deductions with 80% accuracy.
2. Students will be able to calculate Social Security and Medicare tax deductions with 80% accuracy.
3. Students will be able to calculate total deductions and net pay with 80% accuracy.

2.2 Federal Income Taxes

4. Students will be able to calculate adjusted gross income and taxable income with 80% accuracy.
5. Students will be able to calculate the income tax due with 80% accuracy.
6. Students will be able to calculate the income tax refund for single dependents with 80% accuracy.

2.3 State and City Flat Income Taxes

7. Students will be able to calculate state and city income taxes using a flat tax rate with 80% accuracy.
8. Students will be able to calculate state and city income taxes using a graduated tax rate table with 80% accuracy.

2.4 Benefits and Job Expenses

9. Students will be able to calculate total job benefits with 80% accuracy.
10. Students will be able to calculate total net job benefits with 80% accuracy.
11. Students will be able to compare the net job benefits of jobs with 80% accuracy.

2.5 Analyze Take – Home Pay

12. Students will be able to calculate take-home pay as a percentage of gross pay with 80% accuracy.
13. Students will be able to calculate the impact of a raise on take home pay with 80% accuracy.
14. Students will be able to calculate potential tax savings of a cafeteria plan with 80% accuracy.

Materials: textbook, calculator, binder, writing utensil

Method of Instruction: Independent Student Led

Activities:

1. Find the total FICA tax on incomes of \$35,000.
 $.0765 \times 35000 = \$2,677.50$
2. Find each person's taxable income

Directions Read through the entire project before you begin doing any work.

Introduction Twanya and Lewellyn Madison are married and have one son. Twanya works part-time and Lewellyn works full-time as salesclerks in the same department store.

Step One

The Madisons complete their joint federal income tax return for last year's income. Their gross income last year was \$44,150. They had adjustments to income for an approved retirement plan of \$2,870. They also itemized their deductions and found a total of \$8,380. They claimed three exemptions (one each for Twanya, Lewellyn, and their son) at \$3,100 each.

1. What is their taxable income?
2. Using the tax table, what is the amount of their federal income tax?
3. The Madisons' employer deducted \$2,704 in federal withholding taxes during the year. Will the Madisons have to pay more taxes or will they receive a refund, and what is the amount?

Step Two

The Madisons also must complete a state income tax return and pay a tax on the amount of taxable income shown on their federal return.

4. Using the graduated tax rate schedule, what is the amount of their state income tax?
5. The Madisons employer deducted \$706 in state withholding taxes during the year. Will they have to pay more state income taxes or will they receive a refund, and what is the amount?

Step Three

The Madisons' son, Dwayne, earned \$2,130 last summer to help with the cost of his schooling. He also earned \$84 in interest through his savings account. His employer deducted \$256 in federal and \$78 in state withholding taxes. Dwayne needs to complete state and federal income tax returns in order to get refunds of the taxes that were withheld from his wages.

6. Using the tax table, find the amount of Dwayne's federal income tax. He claims the standard deduction, which is a minimum of \$850 and a maximum of \$5,450.

Name _____

Mrs_Lewis_Business_Math_B_Period 5 Offsite_Learning_Packet_Day 1

7. How much federal income tax refund should Dwayne expect?

8. Using the graduated tax rate schedule, find the amount of Dwayne's state income tax.

9. How much state income tax refund should Dwayne expect?

Step Four

All the Madisons paid FICA taxes at 7.65% on their gross wages.

10. How much FICA taxes did the parents pay?

11. How much FICA taxes did Dwayne pay?

12. What total amount of state income, federal income, and FICA taxes did the parents pay?

13. What total amount of state income, federal income, and FICA taxes did Dwayne pay?

(For Wages Paid in 2008)

If the wages are—		And the number of withholding allowances claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
		The amount of income tax to be withheld is—										
350	360	38	28	18	10	3	0	0	0	0	0	0
360	370	40	30	20	11	4	0	0	0	0	0	0
370	380	41	31	21	12	5	0	0	0	0	0	0
380	390	43	33	23	13	6	0	0	0	0	0	0
390	400	44	34	24	14	7	1	0	0	0	0	0
400	410	46	36	26	15	8	2	0	0	0	0	0
410	420	47	37	27	17	9	3	0	0	0	0	0
420	430	49	39	29	18	10	4	0	0	0	0	0
430	440	50	40	30	20	11	5	0	0	0	0	0
440	450	52	42	32	21	12	6	0	0	0	0	0
450	460	53	43	33	23	13	7	0	0	0	0	0
460	470	55	45	35	24	14	8	1	0	0	0	0
470	480	56	46	36	26	16	9	2	0	0	0	0
480	490	58	48	38	27	17	10	3	0	0	0	0
490	500	59	49	39	29	19	11	4	0	0	0	0
500	510	61	51	41	30	20	12	5	0	0	0	0
510	520	62	52	42	32	22	13	6	0	0	0	0
520	530	64	54	44	33	23	14	7	0	0	0	0
530	540	65	55	45	35	25	15	8	1	0	0	0
540	550	67	57	47	36	26	16	9	2	0	0	0

Married Persons—Weekly Payroll Period

(For Wages Paid in 2008)

If the wages are—		And the number of withholding allowances claimed is—										
At least	But less than	0	1	2	3	4	5	6	7	8	9	10
		The amount of income tax to be withheld is—										
440	450	29	22	16	9	2	0	0	0	0	0	0
450	460	30	23	17	10	3	0	0	0	0	0	0
460	470	32	24	18	11	4	0	0	0	0	0	0
470	480	33	25	19	12	5	0	0	0	0	0	0
480	490	35	26	20	13	6	0	0	0	0	0	0
490	500	36	27	21	14	7	0	0	0	0	0	0
500	510	38	28	22	15	8	1	0	0	0	0	0
510	520	39	29	23	16	9	2	0	0	0	0	0
520	530	41	31	24	17	10	3	0	0	0	0	0
530	540	42	32	25	18	11	4	0	0	0	0	0
540	550	44	34	26	19	12	5	0	0	0	0	0
550	560	45	35	27	20	13	6	0	0	0	0	0
560	570	47	37	28	21	14	7	1	0	0	0	0
570	580	48	38	29	22	15	8	2	0	0	0	0
580	590	50	40	30	23	16	9	3	0	0	0	0
590	600	51	41	31	24	17	10	4	0	0	0	0
600	610	53	43	33	25	18	11	5	0	0	0	0
610	620	54	44	34	26	19	12	6	0	0	0	0
620	630	56	46	36	27	20	13	7	0	0	0	0
630	640	57	47	37	28	21	14	8	1	0	0	0

If line 43 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household
		Your tax is—			
13,000					
13,000	13,050	1,563	1,303	1,563	1,394
13,050	13,100	1,570	1,308	1,570	1,401
13,100	13,150	1,578	1,313	1,578	1,409
13,150	13,200	1,585	1,318	1,585	1,416
13,200	13,250	1,593	1,323	1,593	1,424
13,250	13,300	1,600	1,328	1,600	1,431
13,300	13,350	1,608	1,333	1,608	1,439
13,350	13,400	1,615	1,338	1,615	1,446
13,400	13,450	1,623	1,343	1,623	1,454
13,450	13,500	1,630	1,348	1,630	1,461
13,500	13,550	1,638	1,353	1,638	1,469
13,550	13,600	1,645	1,358	1,645	1,476
13,600	13,650	1,653	1,363	1,653	1,484
13,650	13,700	1,660	1,368	1,660	1,491
13,700	13,750	1,668	1,373	1,668	1,499
13,750	13,800	1,675	1,378	1,675	1,506
13,800	13,850	1,683	1,383	1,683	1,514
13,850	13,900	1,690	1,388	1,690	1,521
13,900	13,950	1,698	1,393	1,698	1,529
13,950	14,000	1,705	1,398	1,705	1,536

If line 43 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household
		Your tax is—			
23,000					
23,000	23,050	3,063	2,671	3,063	2,894
23,050	23,100	3,070	2,679	3,070	2,901
23,100	23,150	3,078	2,686	3,078	2,909
23,150	23,200	3,085	2,694	3,085	2,916
23,200	23,250	3,093	2,701	3,093	2,924
23,250	23,300	3,100	2,709	3,100	2,931
23,300	23,350	3,108	2,716	3,108	2,939
23,350	23,400	3,115	2,724	3,115	2,946
23,400	23,450	3,123	2,731	3,123	2,954
23,450	23,500	3,130	2,739	3,130	2,961
23,500	23,550	3,138	2,746	3,138	2,969
23,550	23,600	3,145	2,754	3,145	2,976
23,600	23,650	3,153	2,761	3,153	2,984
23,650	23,700	3,160	2,769	3,160	2,991
23,700	23,750	3,168	2,776	3,168	2,999
23,750	23,800	3,175	2,784	3,175	3,006
23,800	23,850	3,183	2,791	3,183	3,014
23,850	23,900	3,190	2,799	3,190	3,021
23,900	23,950	3,198	2,806	3,198	3,029
23,950	24,000	3,205	2,814	3,205	3,036

If line 43 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household
		Your tax is—			
0	5	0	0	0	0
5	15	1	1	1	1
15	25	2	2	2	2
25	50	4	4	4	4
50	75	6	6	6	6
75	100	9	9	9	9
100	125	11	11	11	11
125	150	14	14	14	14
150	175	16	16	16	16
175	200	19	19	19	19
200	225	21	21	21	21
225	250	24	24	24	24
250	275	26	26	26	26
275	300	29	29	29	29
300	325	31	31	31	31
325	350	34	34	34	34
350	375	36	36	36	36
375	400	39	39	39	39
400	425	41	41	41	41
425	450	44	44	44	44
450	475	46	46	46	46
475	500	49	49	49	49
500	525	51	51	51	51
525	550	54	54	54	54
550	575	56	56	56	56
575	600	59	59	59	59
600	625	61	61	61	61
625	650	64	64	64	64
650	675	66	66	66	66
675	700	69	69	69	69
700	725	71	71	71	71

Graduated Tax Rate Schedule

For taxable income		
Over —	But not over—	The tax is
\$-0-	\$8,000	2% of taxable income
8,000	16,000	\$160 plus 3% of taxable income over \$8,000
16,000	24,000	\$400 plus 4% of taxable income over \$16,000
24,000	32,000	\$720 plus 5% of taxable income over \$24,000
32,000	40,000	\$1,120 plus 6% of taxable income over \$32,000
40,000	48,000	\$1,600 plus 7% of taxable income over \$40,000
48,000	56,000	\$2,160 plus 8% of taxable income over \$48,000
56,000	64,000	\$2,800 plus 9% of taxable income over \$56,000
64,000	72,000	\$3,520 plus 10% of taxable income over \$64,000