

★ ★ Note: Write on top of bracket table
 Replace # with Taxable Income
 Work from bottom up

Examples:

Calculate the tax owed using the marginal tax rates for 2012.

1. Deirdre is single with no dependents. Her **taxable income** is \$100,000. What tax bracket is Deirdre in? Using the marginal tax system, calculate what Deirdre's taxes will be. What is the actual percentage paid of her taxable income?

28% bracket

$$8,700 (.10) = 870$$

$$(35,350 - 8,701) (.15) = 26,649 (.15) = 3,997.35$$

$$(85,650 - 35,351) (.25) = 50,299 (.25) = 12,574.75$$

$$(100,000 - 85,651) (.28) = 14,349 (.28) = 4,017.72$$

$$\frac{21,459.82}{100,000} = 21.5\%$$

2. Robert is a head of household taking care of two dependent children. His **adjusted gross income** is \$60,000. Assuming that Robert is claiming the standard deduction, what is his taxable income? What tax bracket is Robert in? Using the marginal tax system, calculate what Robert's taxes will be. What is the actual percentage paid of his taxable income?

AGI = 60,000

Exemption - 3800 (3)

Deduction - 8700

Taxable \$ 39,900

15% tax bracket

$$12,400 (.10) = 1240$$

$$(39,900 - 12,401) (.15) = 27,499 (.15) = 4124.85$$

taxes → 5364.85

Actual Percent

$$\frac{5364.85}{39,900} = .1345 = \boxed{13.5\%}$$

3. Jessica and Frank are married with no dependents. They file jointly. They each have \$90,000 in **taxable income**, making a combined **taxable income** of \$180,000. What tax bracket are Jessica and Frank in? Using the marginal tax system, calculate what Jessica and Frank's taxes will be. What is the actual percentage paid of their taxable income?

28% bracket

$$17,400 (.10) = 1740$$

$$(70,700 - 17,401) (.15) = 7994.85$$

$$(142,700 - 70,701) (.25) = 17999.75$$

$$(180,000 - 142,701) (.28) = 10443.72$$

$$\frac{38,178.32}{180,000} = .2121$$

21.2%

\$8,178.32 tax

4. Kristy and Dan are married with no dependents. Kristy's taxable income is \$22,000 while Dan's taxable income is \$70,000. 92,000

- a) If Kristy and Dan file jointly, what tax bracket are they in? 25%
- b) If Kristy and Dan file separately, what tax bracket will Kristy be in? 15%
- c) Calculate the tax owed for Kristy and Dan if they file jointly. \$ 15,059.60
- d) Calculate the tax Kristy will owe if she files her taxes separately. \$ 2864.85

$$17,400 (.10) = 1740$$

$$(70,700 - 17,401) (.15) = 7994.85$$

$$(92,000 - 70,701) (.25) = 5324.75$$

Ⓒ 15,059.60 ← tax for joint filing

Ⓓ $8,700 (.1) = 870$

$$(22,000 - 8701) (.15) = 1994.85$$

2864.85

Dan if file separate:

$$8,700 (.1) = 870$$

$$(35,350 - 8701) (.15) = 3997.35$$

$$(70,000 - 35,351) (.25) = 8662.25$$

13,529.60

