

1/27/2020 | 7.1 Tax Tables,
Worksheets, & schedules

property taxes: collected on property

Sales tax: not tax deductible

taxable income: income that tax gov't

Internal Revenue Service (IRS):
collect all taxes

File status:

- Single ~ unmarried taxpayers
- Married filing jointly: all paperwork together.
- Married filing Separately:
file 2 separate returns.
- Head of Household: unmarried
w/ children or dependents.

• Need: Income

W-2 - end of year

1099-Int - interest on checking
or savings account.

Driver Licence
or ID : ID for submission

Invest mnts : made any money

Deductions:

- Medical bills
- Dental bills
- surgery's
- prescriptions
- charity giving
- children

Job related

- clothes
- shoes
- business trips
- car
- hair, nails
- mileage

1/30/2020 | 7.2 Modeling Tax Schedules

Flat tax: sales tax

progressive tax system: different percentages

Tax bracket: each line of the tax schedule.

Regressive tax schedule:
tax decrease as income increases.

7.3 Income Statements

gross pay: total pay

net pay: take home pay after taxes

~~paycheck~~
paycheck: W-4 form: Withholding sheet
↳ wages

W-2: wages, tax settlement

Form 1099: bank accounts
interest accrued

pgs. 349-350
2-4, 6

7.3 Income Statements:

gross pay: total pay

take-home pay: amount of money employee takes home after taxes.
(net pay)

paycheck
(or pay check): listing of the wages & what amounts were deducted.

W-2 Form: employees with holding sheet

Withholding taxes: Federal, state, & local taxes

W-2 Form: Wage: tax statement which must be given to employees end of January.

Form 1099: taxpayer sent this on bank accounts, etc.

Ex 2 26 paychecks (- is biweekly)

Fed tax \$ 1001.47 x 26 = \$ 26,038.32

State tax \$ 28,079 x 24 = \$ 7303.14

\$ 33,341.36
fed/state yearly deductions

Ex 3

\$ 15,851 Fed tax
+ 5,334.50 State tax
+ 1,092 Local tax

\$ 22,287.50 total tax amount

2/4/2020

7.4 Forms

1040 EZ : 1040A : 1040

Form 1040 EZ: filling single or married w/ no dependents. income is less than \$100,000 ; tax interest not \$1500.

Form 1040 A: all above with child(ren) income not over \$100,000.

Form 1040: all above exempt income over \$100,000 ; investment over \$1500.00 ; home ownership.

dependent: humans/person
you support financially.

exemption: lowers amount of
tax you owe.

pg. 353 Ex 1

$$83,600 + 956 = \underline{\underline{\$84,556}}$$

interest

$$- 12,200$$

book
Singh \$ 8,950

\$ 72,356

Ex 2

\$15,884 paid

\$75,600 - 75,650

\$15,250 amount owes

~~15,884~~
~~15,250~~
\$634 Refund

Ex3

Refund \$634.00

Ex4

Exemptions 3

Ex5

987 1099-Int } Income
\$ 1200 Stock dividends }

\$52,126.76 + \$65,120.97

\$ 117,248

987
1200

\$ 119,435.00

1040 form

Exb

\$ 119,435
- 24,400

(standard deduction)

\$ 95,035
- 10,500

3 deduction 3
3,500
per deduction

\$ 84,535
taxable income

\$ 10,500

\$ 9,086
+ 1,228.70 ←

\$ 10,314.70
tax

\$ 9,086 plus
22% over
78,950

84,535
- 78,950

\$ 5,585
x .22

2/6/2020

7.5 Form 1040

Schedules A & B

Voluntary Compliance: co-operate to raise money for gov't services.

Form 1040A: income, interest, stocks, stock dividends, pensions, unemployment, social security.

Form 1040B: other sources income; alimony, prizes, tell IRS who paid you & how much.

Interest
Dividend
Income

Long Form

• Tax Credits: amount you subtract from your tax after you look it up on the tax table.

→ deductions: subtract from your income.

• 2 credits:

- Child care tax credit:
- Earned income credit:

• Tax Avoidance: using tax rules & credits to lower your tax bracket.

• Tax Evasion: lie about items on tax return. (this a crime)