

Activity 1

TACKLING TAXES

Property and Other Taxes

Calculate the taxes for each of these scenarios.

SCENARIO 1:

Your parents own a home with an assessed value of \$175,000. The annual property tax rate in your county is 1.2%. Calculate the annual property taxes for the house:

Assessed value \$ _____ x Tax Rate ____% = Annual Taxes \$ _____



SCENARIO 2:

You live in a home with an assessed value of \$115,000. Last year, you paid \$1,500 in taxes. This year, the property tax rate is going up to 1.75%. How much more will you pay in annual property taxes for the house?

Taxes at new rate \$ _____ - \$1,500 = \$ _____

SCENARIO 3:

You own two vehicles, one with an assessed value of \$1,500 and another with an assessed value of \$9,250. The vehicle tax rate in your county is 2%. How much tax will be due for both vehicles together? \$ _____

Income Taxes

Use what you've learned about the federal income tax to help the Robinson family figure out what they owe.

The Robinsons, a family of five with both parents working, earned a total of \$125,000 this year and had the following expenses:

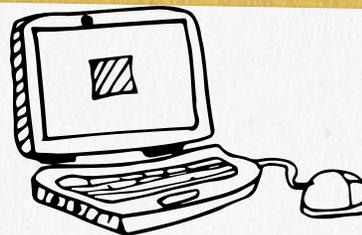
- Property taxes paid: \$8,000
- Mortgage interest paid: \$9,000
- State/city taxes paid: \$5,000
- Charitable contributions: \$700
- Medical expenses: \$1,500
- Childcare: \$10,000

1. What are the Robinsons' total deductible expenses? \$ _____
How did you calculate this number? _____
2. Are the Robinsons' expenses higher or lower than their standard deduction? Calculate their taxable income accordingly:
\$125,000 - \$ _____ = \$ _____



Activity 1

TACKLING TAXES (CONTINUED)



3. Use the tax bracket chart below to calculate the amount of tax due on the Robinsons' taxable income before credits are taken:

$$10\% \times \$19,050 = \$\underline{\hspace{2cm}} + 12\% \times (\$77,400 - \$19,050) = \$\underline{\hspace{2cm}} + 22\% \times (\$ \underline{\hspace{2cm}} - \$77,400) = \$\underline{\hspace{2cm}}$$

$$\text{TOTAL} = \$\underline{\hspace{2cm}}$$

4. The family discovers that they are eligible for several credits — a \$2,000 **child tax credit** for each of their three children, and 25% of childcare costs up to a total of \$6,000. What is the total amount of annual tax they now owe? \$

5. Assume that one of the parents earns an income of \$69,000 annually, and receives a paycheck every two weeks. The employer deducts \$299 for federal taxes and \$109 for state taxes from each paycheck. The employer also deducts \$75 for health insurance.

- Determine the amount of each paycheck before taxes are withheld: $\$69,000 \div 26 = \$\underline{\hspace{2cm}}$
- Calculate the total deductions made from each paycheck, including payroll taxes.
Federal tax \$ + State tax \$ + FICA taxes ($.0765 \times \$\underline{\hspace{2cm}} =$) \$
+ Health insurance \$ = Total deductions \$
- Subtract this number from the gross paycheck amount to find the take-home pay. \$
- Calculate the amount of federal tax that has been withheld from this parent's paychecks for the year. \$

6. Suppose that the other parent had \$180 withheld for federal taxes from each of 26 paychecks throughout the year. How much total federal tax has already been withheld for the second parent? \$

7. Add the total federal tax that has been withheld for both parents. Is it more or less than the family owes for annual federal taxes? What will happen to the difference?

Tax Bracket Chart

Tax Bracket Chart			
Individual Taxpayers		Married Individuals Filing Joint Returns and Surviving Spouses	
If Taxable Income Is Between:	The Tax Due Is:	If Taxable Income Is Between:	The Tax Due Is:
0 - \$9,525	10% of taxable income	0 - \$19,050	10% of taxable income
\$9,526 - \$38,700	\$952.50 + 12% of the amount over \$9,525	\$19,051 - \$77,400	\$1,905 + 12% of the amount over \$19,050
\$38,701 - \$82,500	\$4,453.50 + 22% of the amount over \$38,700	\$77,401 - \$165,000	\$8,907 + 22% of the amount over \$77,400
\$82,501 - \$157,500	\$14,089.50 + 24% of the amount over \$82,500	\$165,001 - \$315,000	\$28,179 + 24% of the amount over \$165,000
\$157,501 - \$200,000	\$32,089.50 + 32% of the amount over \$157,500	\$315,001 - \$400,000	\$64,179 + 32% of the amount over \$315,000
\$200,001 - \$500,000	\$45,689.50 + 35% of the amount over \$200,000	\$400,001 - \$600,000	\$91,379 + 35% of the amount over \$400,000
\$500,001 +	\$150,689.50 + 37% of the amount over \$500,000	\$600,001 +	\$161,379 + 37% of the amount over \$600,000