

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:

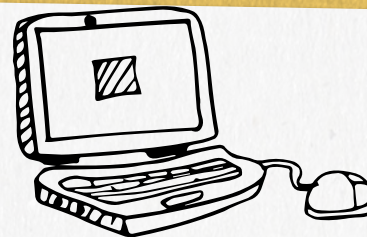
- Property taxes paid: \$8,000
- Mortgage interest paid: \$9,000
- State/city taxes paid: \$5,000
- Charitable contributions: \$700
- Medical expenses: \$1,500
- Childcare: \$10,000

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:

$$10\% \times \$19,050 = \$______ + 12\% \times (\$77,400 - \$19,050) = \$______ + 22\% \times (\$______ - \$77,400) = \$______$$

$$\text{TOTAL} = \$______$$

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: $\$69,000 \div 26 = \$______$
 - Calculate the total deductions made from each paycheck, including payroll taxes.
Federal tax \$ $______$ + State tax \$ $______$ + FICA taxes ($.0765 \times \$______ =$) \$ $______$
+ 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

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