

Warm-Up

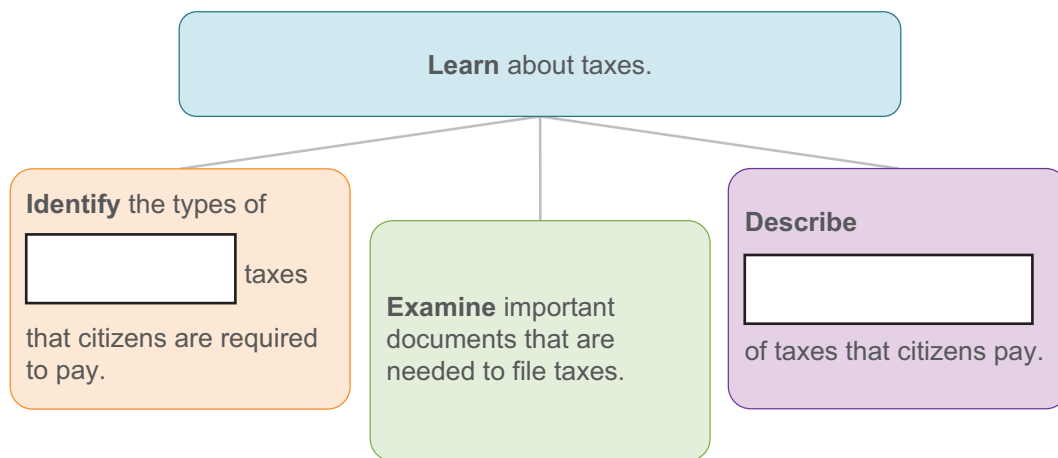
Taxes



Lesson Question



Lesson Goals



Words to Know

Fill in this table as you work through the lesson. You may also use the glossary to help you.

revenue	the total [] received from an economic plan
income tax	a tax paid on [] income
property tax	a tax on the value of land, buildings, cars, and other kinds of personal []
sales tax	a tax collected on the [] of goods or services
withholding	amounts [] from gross income to pay for taxes and other expenses

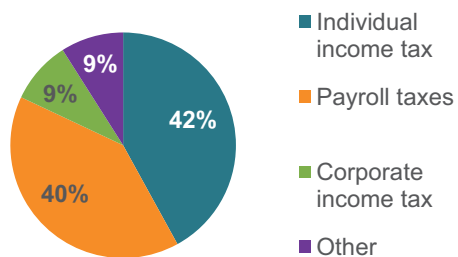


Federal Taxes

The federal government collects taxes from citizens as to cover expenses.

- Social programs
- National defense programs
- Technological programs

Federal Tax Revenue



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Income Tax

Income taxes are paid on any money .

- Includes and profits from investments
- Are paid by individual and by
- Are collected by federal, state, and local governments

Federal Income Tax

The United States has a income tax system.

- The people who make the pay a lower tax rate.
- The more you make, the the percentage you must pay.

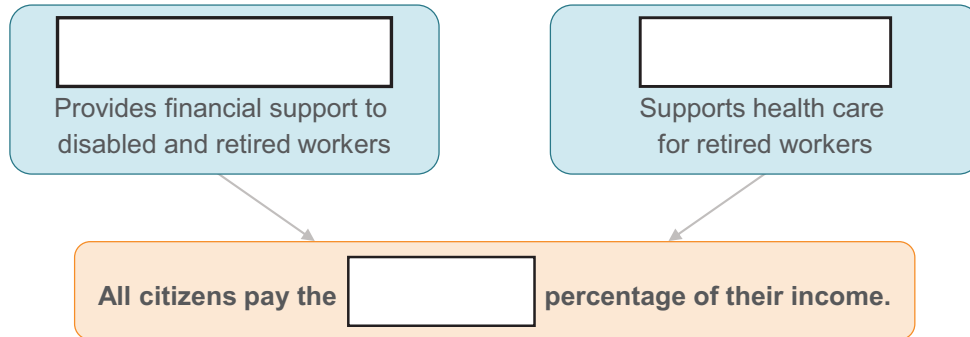
Single Taxpayers (2017)		
Taxable income between:		Tax rate
\$0	\$9,325	10%
\$9,325	\$37,950	15%
\$37,950	\$91,900	25%
\$91,900	\$191,650	28%
\$191,650	\$416,700	33%
\$416,700	\$418,400	35%
\$418,400 and above		39.6%

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Federal Income Taxes: Payroll Taxes

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State and Local Income Taxes

Most [] and some local governments require citizens to pay income tax.

- Some use a [] tax.
- Others use a [] tax.

**Uses for State Taxes**

State and local taxes are used to fund a variety of programs.

- []
- Corrections
- []

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Collecting Taxes

are responsible for collecting income taxes from their employees.

- Taxes are , or removed, from employee paychecks.

Salary	\$1,106.45
Federal income tax	\$122.67
Social Security tax	\$68.60
Medicare tax	\$16.04
State income tax	\$10.33
Net pay	\$888.81

Important Income Tax Forms**W-4**

- Is a form that determines income tax will be withheld
- Must be when first hired

W-2

- Is a form that documents income and taxes withheld during the year
- Is each year

Filling Out a W-4 Form

A W-4 form requires you to give information that will help to determine how much tax you should pay.

- Whether you have a
- Whether you have any

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The W-4 Form: The Outcome

The W-4 allows the to calculate how much tax should be withheld from your pay.

You must fill out the form accurately.

- Too withholdings will result in a refund.
- Too withholdings will result in more tax owed.

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Filing Income Taxes: The 1040

The Internal Revenue Service (IRS) oversees the collection of taxes.

- Each year, individuals must file an income tax return using form 1040.
- This ensures that citizens have paid the correct of tax.

The W-2 Form

Each year, you will receive a W-2 form from your .

It lists:

- how much you have in income.
- how much you have had in taxes.

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Reading a W-2 Form

On the W-2, circle the federal and state income tax amounts that have been withheld.

12222 a Employee's social security number <div style="border: 1px solid black; padding: 2px; display: inline-block;">222-22-2222</div>		OMB No. 1545-0008	
b Employer identification number (EIN) <div style="border: 1px solid black; padding: 2px; display: inline-block;">92-5003123</div>		1 Wages, tips, other compensation <div style="border: 1px solid black; padding: 2px; display: inline-block;">43,660.50</div>	
c Employer's name, address, and ZIP code <div style="text-align: center;"> NEW YORK UNIVERSITY BUSINESS SVCS. -PAYROLL #1123 NEW YORK, NY 10003 </div>		2 Federal income tax withheld <div style="border: 1px solid black; padding: 2px; display: inline-block;">1,756.56</div>	
d Control number		3 Social security wages <div style="border: 1px solid black; padding: 2px; display: inline-block;">44,567.34</div>	
e Employee's first name and initial Last name Suffix		4 Social security tax withheld <div style="border: 1px solid black; padding: 2px; display: inline-block;">2,567.45</div>	
<div style="text-align: center;"> JOHN T. SMITH 555 NILES DRIVE NEW YORK, NY 10462 </div>		5 Medicare wages and tips <div style="border: 1px solid black; padding: 2px; display: inline-block;">44,567.34</div>	
f Employee's address and ZIP code		6 Medicare tax withheld <div style="border: 1px solid black; padding: 2px; display: inline-block;">612.65</div>	
1 State Employer's state ID number		7 Social security tips	
NY 865-0503-0		8 Allocated tips	
16 State wages, tips, etc. 17 State income tax		9	
43,660.50 487.89		10 Dependent care benefits	
18 Local wages, tips, etc. 19 Local income tax 20 Locality name		11 Nonqualified plans	
		12a	
		12b	
		12c	
		12d	

Taxable Income

Taxes are paid only on taxable income.

- can be taken for gifts to charities and business expenses.
- The law allows some taxpayers to receive extra tax

Income	\$50,000
Deductions	−\$8,950
Taxable income	\$41,050
Taxes	\$7,090
Tax credit	−\$1,500
Taxes owed	\$5,590

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How to File an Income Tax Return

There are four basic steps to filing an income tax return.

1. Find the necessary in a post office, in a library, or online.
2. the IRS forms using the information provided by your employer on your W-2.
3. Mail in the IRS forms or them online.
4. Pay additional taxes owed, or wait for a from the IRS.

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Sales Tax

Sales taxes are taxes on

goods.

- They are collected by state and local governments.

- The tax rate from state to state and city to city.

- The the purchase price, the tax must be paid.

Circle the sales tax shown on the receipt.

Trans Type: 01 Sale						
How Paid: 01 Cash						
SKU	Descrip	SP	Siz	Wth	Qty	Amount
33-869 A	FRC1 MID	11			1	79.97
					Tax	6.20
					Total	\$ 86.17
					Amount Paid	100.00
					Change	\$ 13.83
no exchange/refund on worn items/30 day						
No exchange/refund without receipt						

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Calculating Sales Tax

You have \$45 to buy a new pair of shoes.

The shoes you want to buy cost \$39.99.

Your sales tax rate is 9 percent.

Do you have enough money to purchase them?

9% sales tax on \$40.00 shoes = \$

Since you have \$45 to buy this new pair of shoes, you enough money to cover the cost plus the tax.

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Property Tax

Property taxes are taxes paid on homes, land, and other property.

- Property taxes are collected by governments.
- Revenue is used to pay for and other services.
- Failure to pay the tax can result in the government taking ownership of the property

Property Tax Values

Property taxes are calculated on the of a home.

- The more a home is worth, the the tax.
- As a home's value changes, so do the taxes that must be paid.

Summary

Taxes

**Lesson
Question**

What taxes do citizens pay, and how are they calculated?

**Answer**

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2**Review: Different Governments Impose Different Taxes**

Federal, state, and local governments all impose taxes

- tax
- tax
- tax

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Review: The Benefits of Paying Taxes

Taxes have many benefits.

- They pay for police and fire departments, the military, hospitals, roads, parks, museums, and other .

Use this space to write any questions or thoughts about this lesson.