#### Calculating tax

The *TaxCalculator* class has two methods, one for calculating resident tax and one for calculating working holiday tax.

##### Resident tax

A resident’s tax amount is calculated based on the value of gross pay using values as seen in the table below. For example, if the gross amount is 652 (which is greater than 361 and less than or equal to 932), the coefficient values (A and B) are 0.3477 and 44.2476. These values are then used to calculate the tax amount using the formula **Tax** = **A** multiplied by **Gross** minus **B.**

In the example of a gross amount of 650, this would be calculated as:

**Tax = 0.3477 \* 652 - 44.2476**, which results in the tax amount of **182.4528**.

Table: Resident tax scale

|  |  |  |  |
| --- | --- | --- | --- |
| Gross (>) | Gross (<=) | A | B |
| -1 | 72 | 0.19 | 0.19 |
| 72 | 361 | 0.2342 | 3.213 |
| 361 | 932 | 0.3477 | 44.2476 |
| 932 | 1380 | 0.345 | 41.7311 |
| 1380 | 3111 | 0.39 | 103.8657 |
| 3111 | 999999 | 0.47 | 352.7888 |

##### Working holiday tax

The tax for a working holiday employee is based on the tax scale as shown in the table below**,** which is evaluated by using the sum of an employee’s year to date pay (how much they have been paid during the financial year) and the gross pay (for the current pay).

For example, if the total of an employee’s year to date pay is 47,938 and the gross amount is 418, the total gross amount is 47938 + 418 = 48356 (which is greater than 37000 and less than or equal to 90000). This value is then used to determine the tax rate, which would be 0.32 (in this example).

The tax is then calculated by multiplying the gross amount (not the total gross amount) by the tax rate using the formula **Tax = gross \* rate**.

In this example, this would be calculated as:

**Tax = 418 \* 0.32**, which results in the tax amount of **133.76.**

|  |  |  |
| --- | --- | --- |
| Gross (>) | Gross (<=) | Rate |
| -1 | 37000 | 0.15 |
| 37000 | 90000 | 0.32 |
| 90000 | 180000 | 0.37 |
| 180000 | 9999999 | 0.45 |