

# Tax Brackets and Rates Worksheet

Name: \_\_\_\_\_ Date: \_\_\_\_\_

## Part 1: Understanding Tax Brackets

- 1 Explain the difference between marginal tax rate and effective tax rate.

- 2 Why does the U.S. use a progressive tax system? What are the pros and cons?

- 3 If someone earns \$50,000 and is in the "22% tax bracket," does that mean they pay 22% on all \$50,000? Explain.

## Part 2: Tax Calculations

### Scenario: Jamie's Tax Situation

Jamie is single with a gross income of \$55,000. She takes the standard deduction of \$14,600 and contributes \$3,000 to her 401(k).

- 4 Calculate Jamie's taxable income:

Gross Income	\$55,000
Minus: Standard Deduction	- \$ _____
Minus: Pre-tax Contributions	- \$ _____
<b>Taxable Income</b>	= \$ _____

**5** Calculate Jamie's federal tax using the 2024 brackets (Single):

Bracket	Income Range	Income in Bracket	Tax Rate	Tax Amount
10%	\$0 - \$11,600	\$ _____	× 10%	= \$ _____
12%	\$11,601 - \$47,150	\$ _____	× 12%	= \$ _____
22%	\$47,151 - \$100,525	\$ _____	× 22%	= \$ _____
<b>Total Federal Tax</b>				= \$ _____

**6** Calculate Jamie's marginal and effective tax rates:

Marginal Tax Rate: \_\_\_\_\_ %

Effective Tax Rate: Total Tax ÷ Taxable Income = \$ \_\_\_\_\_ ÷ \$ \_\_\_\_\_ = \_\_\_\_\_ %

### Part 3: Tax Planning Strategies

**7** If Jamie increases her 401(k) contribution from \$3,000 to \$6,000, how would this affect her:

a) Taxable income: \$ \_\_\_\_\_

b) Tax bracket: \_\_\_\_\_

c) Total tax (estimate): \$ \_\_\_\_\_

d) Tax savings: \$ \_\_\_\_\_

**8** List three legal strategies to reduce taxable income:

**9** What is the difference between tax avoidance and tax evasion?

### Part 4: Critical Thinking

**10** A coworker says, "I don't want a raise because it will put me in a higher tax bracket and I'll actually take home less money." Is this statement accurate? Explain your reasoning.

- 11 Compare a flat tax system (everyone pays 15%) to the progressive system. Which would result in lower taxes for someone earning \$40,000? For someone earning \$200,000? Show your work.