

Federal and State Taxes Reference Sheet

Understanding how federal and state tax systems work

Characteristic	Federal Taxes	State Taxes	Local Taxes
Authority	IRS (Internal Revenue Service)	State revenue departments	City/county governments
Income Tax	Progressive (10-37%)	Varies: 0-13.3%	Some cities (NYC, Detroit)
Sales Tax	None	0-7.25%	Additional 0-5%
Property Tax	None	Rates set by state	Primary collector
Filing Deadline	April 15	Usually April 15	Varies

2024 Federal Income Tax Brackets (Single Filers)

Rate	Income Range	Tax Calculation
10%	\$0 - \$11,600	10% of taxable income
12%	\$11,601 - \$47,150	\$1,160 + 12% over \$11,600
22%	\$47,151 - \$100,525	\$5,426 + 22% over \$47,150
24%	\$100,526 - \$191,950	\$17,168 + 24% over \$100,525
32%	\$191,951 - \$243,725	\$39,110 + 32% over \$191,950
35%	\$243,726 - \$609,350	\$55,678 + 35% over \$243,725
37%	\$609,351+	\$183,647 + 37% over \$609,350

Note: These are marginal rates. Only income in each bracket is taxed at that rate.

State Tax Structures

No Income Tax (9 states)

AK, FL, NV, NH*, SD, TN*, TX, WA, WY
*Interest/dividends only

Flat Tax (11 states)

CO (4.4%), IL (4.95%), IN (3.15%), KY (4.5%), MA (5%), MI (4.25%), etc.

Highest Rates

CA (13.3%), HI (11%), NJ (10.75%), OR (9.9%), MN (9.85%)

Types of Taxes

- Progressive:** Rate increases with income (federal income tax)

- **Regressive:** Same rate for all; impacts low income more (sales tax)
- **Proportional/Flat:** Same percentage for all income levels
- **Payroll:** Social Security (6.2%), Medicare (1.45%)
- **Excise:** Specific goods (gas, tobacco, alcohol)

Key Tax Terms

- **Taxable Income:** Gross income minus deductions
- **Marginal Rate:** Rate on your last dollar earned
- **Effective Rate:** Total tax ÷ total income
- **Withholding:** Tax taken from each paycheck
- **Tax Liability:** Total amount of tax owed

Deductions and Credits

Standard Deduction (2024)

- Single: \$14,600
- Married Filing Jointly: \$29,200
- Head of Household: \$21,900
- 65+ or Blind: Additional \$1,550-\$1,950

Common Deductions

- Mortgage interest
- State and local taxes (up to \$10,000)
- Charitable contributions
- Medical expenses (over 7.5% AGI)

Tax Credits (Dollar-for-Dollar)

- Earned Income Tax Credit
- Child Tax Credit (\$2,000/child)
- Education credits (AOTC, LLC)
- Retirement Saver's Credit

Pre-Tax Contributions

- 401(k): up to \$23,000
- Traditional IRA: up to \$7,000
- HSA: \$4,150 individual/\$8,300 family
- FSA: up to \$3,200

Tax Planning Tips

1. **Know your effective rate:** Total tax paid ÷ gross income (usually 15-25% for most workers)
2. **Maximize pre-tax contributions:** 401(k), HSA, FSA reduce taxable income immediately
3. **Understand your state:** High income tax states may have lower property/sales taxes
4. **Track deductible expenses:** Itemize if deductions exceed standard deduction
5. **Adjust withholding:** Update W-4 if getting large refunds or owing money