

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	- \$ _____
Taxable Income	= \$ _____

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%	= \$_____
Total Federal Tax				= \$_____

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.