

Name _____ Date _____

Reporting Income

In 2009, you worked at Namca Industries. At the end of the year, the company sent you a **W-2 form**. The form shows how much you earned and how much was withheld for federal taxes, Social Security, and state and local taxes. The company sent copies of the W-2 form to federal and local tax agencies.

Example 1: Read and interpret this W-2 form.

Earnings		Federal Income Tax Withheld	Social Security Withheld
22222	Employee's social security number	OMB No. 1545-0028	
b Employer identification number (EIN)		1 Wages, tips, other compensation	2 Federal income tax withheld
38970		34335.97	4835.35
c Employer's name, address, and ZIP code		3 Social security wages	4 Social security tax withheld
Namca Industries		34335.97	2128.83
		5 Medicare wages and tips	6 Medicare tax withheld
		34335.97	497.67
		7 Social security tips	8 Allocated tips
d Control number		9 Advance EIC payment	10 Dependent care benefits
e Employer's first name and initial		11 Nonqualified plans	
(your name & address)		12a	
		12b	
		12c	
		12d	
f Employee's address and ZIP code			
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax
		18 Local wages, tips, etc.	19 Local income tax
		20 Locality name	

Form **W-2** Wage and Tax Statement
Copy 1—For State, City, or Local Tax Department

2009

Department of the Treasury—Internal Revenue Service

State (None) Local

In 2009, you also earned interest from your bank account. The bank sent a **1099 form** to show how much interest you earned.

Example 2: Read and interpret this 1099 form.

2009 FORM 1099-INT: INTEREST INCOME

Account Type	Account Number	Deposit Number	Deposit ID	IRS Description	IRS Box	# Amount	Interest Income
NOW Account				Interest Income	1	71.62	
Savings				Interest Income	1	2.90	
TOTALS:				Interest Income	1	74.52	
				Early withdrawal penalty	2	0.00	
				Interest on U.S. Savings Bonds and Treasury obligations	3	0.00	
				Federal income tax withheld	4	0.00	
				Investment expenses	5	0.00	
				Foreign tax paid	6	0.00	
				Tax-exempt interest	8	0.00	
				Specified private activity bond interest	9	0.00	

Taxpayer I.D. NO.

Department of the Treasury - Internal Revenue Service

Name _____ Date _____

Your **gross income** is the total of earnings, interest, and dividends.

Example 3: What was your gross income last year?

$$\text{Add. } \$34,335.97 + \$74.52 = \$34,410.49$$

Think About It

1. Why are copies of the W-2 and 1099 forms sent to federal, state, and local tax agencies?

2. How could you check your W-2 form to be sure it is correct?

Practice

Use the W-2 form on page 39 for Exercises 1–4. How much was withheld for:

1. Federal income tax? _____
2. Social Security tax? _____
3. State income tax? _____
4. Local income tax? _____

Find the gross income.

- | | | |
|--|--|--|
| 5. Wages: \$37,400
Interest: \$450
Income: _____ | 6. Wages: \$48,950
Interest: \$310
Income: _____ | 7. Wages: \$66,320
Interest: \$887
Income: _____ |
| 8. Wages: \$70,000
Interest: \$945
Income: _____ | 9. Wages: \$82,366
Interest: \$883
Income: _____ | 10. Wages: \$25,690
Interest: \$20
Income: _____ |

Name _____ Date _____

member to estimate whenever you use your calculator.

Find the gross income.

11. Wages: \$18,359
Interest: \$362

12. Wages: \$31,961
Interest: \$965

13. Wages: \$21,029
Interest: \$302

14. Wages: \$39, 224
Wages: \$43,236
Interest: 871

15. Wages: \$59,002
Interest \$1,030

16. Wages: \$19, 488
Tips: \$15,780
Interest: \$495

17. Wages: \$59,708
Interest: \$1,804
Interest: \$495

18. Wages: \$27,002
Interest: \$876

19. Wages: \$79,828
Interest: \$1,804
Interest: \$595

20. Wages: \$25,870
Tips: \$11, 973
Interest: \$379

21. Wages: \$19,900
Tips: \$2,220
Tips: \$456
Interest: \$625.33
Interest: \$104.17

22. Wages: \$13,570
Wages: \$15,345
Interest: \$231.76
Interest: \$197.33

23. Wages: \$12,85
Wages: \$42,789
Interest: \$102.26
Interest: \$78.39

24. Wages: \$19,345
Wages: \$14,597
Tips: \$8,712
Tips: \$1,588
Interest: \$375.75
Interest: 83.34

25. Wages: \$24,118
Wages: \$12,660
Tips: \$10,187
Interest: \$762.56
Interest: \$92.93

Name _____ Date _____

Use Rosa Morales' W-2 and 1099 forms for Exercises 1-6.

22222		Employee's social security number		OMB No. 1545-0008			
b Employer identification number (EIN)			1 Wages, tips, other compensation 21,972.00		2 Federal income tax withheld 3,295.80		
c Employer's name, address, and ZIP code DENMCO Industries			3 Social security wages 21,972.00		4 Social security tax withheld 1,648.90		
			5 Medicare wages and tips		6 Medicare tax withheld		
			7 Social security tips		8 Allocated tips		
d Control number			9 Advance EIC payment		10 Dependent care benefits		
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans	
Rosa Morales		1285 Riviera Drive		Tucson, AZ 85832		12a	
f Employee's address and ZIP code		13 Statutory employer		Retirement plan		12b	
AZ		21,972.00		472.40		12c	
15 State		16 State wages, tips, etc.		17 State income tax		12d	
AZ		21,972.00		472.40		13 Other	
18 Local wages, tips, etc.		19 Local income tax		20 Locality name			
21,972.00		164.79		Tucson			

Form **W-2 Wage and Tax Statement**
Copy 1—For State, City, or Local Tax Department

2009

Department of the Treasury—Internal Revenue Service

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. VILLAGE BANK		Payer's RTN (optional)		OMB No. 1545-0112			
PAYER'S federal identification number		RECIPIENT'S identification number		2011 Interest Income			
000-00-0000		000-00-0000		Form 1099-INT			
RECIPIENT'S name		3 Interest on U.S. Savings Bonds and Treas. obligations		Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.			
Street address (including apt. no.)		4 Federal income tax withheld				5 Investment expenses	
City, state, and ZIP code		6 Foreign tax paid				7 Foreign country or U.S. possession	
Account number (see instructions)		8 Tax-exempt interest				9 Specified private activity bond interest	
		10 Tax-exempt bond CUSIP no. (see instructions)					

Form **1099-INT**

(keep for your records)

Department of the Treasury - Internal Revenue Service

- 26. Wages _____
- 27. Federal income tax withheld _____
- 28. Social Security tax withheld _____
- 29. State tax withheld _____
- 30. Local tax withheld _____
- 31. Interest income _____

24. 1.5; $1\frac{1}{2}$ 25. 13.2
 26. 13 27. 13
 28. 10,009 29. 19.74
 30. 2,353 31. 37.65
 32. 86.2 33. 5.8426
 34. 703 35. \$405
 36. 15.34 37. 16
 38. \$2.42 39. 4,100
 40. 5.89 41. 11.3
 42. 2,906 43. 1,700
 44. 200 45. \$11
 46. 2 47. 4,900
 48. 7 49. b
 50. c 51. \$14.75
 52. 2 packs of cards
 53. 14

Part II: Taxes

Pages 37-38

Pre-Skills Test

1. \$1,833.18
2. \$1,354
3. \$7,337.09
4. \$2,177.21
5. \$1,220.75
6. \$32,489.69
7. \$761
8. \$1,022
9. \$186.04
10. \$1,035.22
11. \$344.36
12. \$1,719.63
13. 0.02
14. 0.05
15. 0.035
16. 0.065
17. 0.075
18. 0.0275
19. \$100
20. \$150
21. \$525

*Reporting
Income
Answers*

22. \$24.32
23. \$293.82
24. \$1,013.68
25. \$170
26. \$536.25
27. \$2,157.18
28. At least \$23,850, but less than \$23,900
29. At least \$23,800 but less than \$23,850
30. At least \$31,900 but less than \$31,950
31. At least \$31,000 but less than \$31,050
32. At least \$31,450 but less than \$31,500
33. At least \$23,600 but less than \$23,650
34. At least \$23,250 but less than \$23,300
35. At least \$31,050 but less than \$31,100

Pages 40-42

Think About It

1. Answers may vary.
2. Answers may vary.

Practice

1. \$4,835.35
2. \$2,128.83
3. 0
4. 0
5. \$37,850
6. \$49,260
7. \$67,207
8. \$70,945
9. \$83,249
10. \$25,710
11. \$18,721
12. \$32,926
13. \$21,331
14. \$83,331
15. \$60,032

16. \$35,763
17. \$62,007
18. \$27,878
19. \$82,227
20. \$38,222
21. \$23,305.50
22. \$29,344.09
23. \$55,822.65
24. \$44,701.09
25. \$47,820.49
26. \$21,972
27. \$3,295.80
28. \$1,648.90
29. \$472.40
30. \$164.79
31. \$315.26

Pages 44-46

Think About It

1. They may have different filing statuses.

Practice

1. AGI = \$39,376. TI = \$30,026
2. AGI = \$94,672. TI = \$73,022
3. owe \$296.65
4. refund \$988.89
5. refund \$425.13
6. owe \$103.46
7. \$1,208 8. \$1,258
9. \$1,273 10. \$1,498
11. \$1,520 12. \$1,528
13. \$1,356 14. \$1,386
15. \$1,439 16. \$1,625
17. \$1,640 18. \$1,678
19. AGI = \$24,624
 Taxable income = \$15,274
 Tax (from chart) = \$1,873
20. AGI = \$79,330
 Taxable income =

