

Part II Review

Vocabulary

Choose the letter of the word(s) that completes (or complete) the sentence.

- The W-2 form is used to report _____.
 - Interest
 - Wages
 - Deductions
- Gross income, less any adjustments, is called _____.
 - Taxable Income
 - Adjusted Gross Income
 - Unreported Income
- Amounts that reduce the income to be taxed are called _____.
 - Deductions
 - Exemptions
 - Claims

Skills

Find the answer. Use the W-2 and the 1099 forms to find the amount.

- Wages _____
- Federal tax withheld _____
- State tax withheld _____
- City tax withheld _____
- Social Security tax withheld _____
- Interest income _____
- Gross income _____

22222		a Employee's social security number 000-00-0000		OMB No. 1545-0048	
b Employer identification number (EIN)			1 Wages, tips, other compensation 23,462.18	7 Federal income tax withheld 1,948.72	
c Employer's name, address, and ZIP code Bryant Shoe Co.			3 Social security wages	4 Social security tax withheld 1,794.86	
			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	11 Nonqualified plans	12a	
Calvin		Jefferson	13 Health	12b	
			14 Other	12c	
f Employee's address and ZIP code			15 State wages, tips, etc. 23,462.18	17 State income tax 305.18	18 Local wages, tips, etc. 23,462.18
			19 Local income tax 183.46	20 Local taxes	

Form **W-2** Wage and Tax Statement **2009** Department of the Treasury—Internal Revenue Service
Copy 1—For State, City, or Local Tax Department

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. Bryant Credit Union		Payer's EIN (optional)	OMB No. 1545-0117
1 Interest income \$ 246.87		2011 Interest Income	
3 Early withdrawal penalty \$		Form 1099-INT	
PAYER'S federal identification number	RECIPIENT'S iden/Account number	3 Interest on U.S. Savings Bonds and Treas. obligations \$	
RECIPIENT'S name Calvin Jefferson		4 Federal income tax withheld \$	8 Investment expenses \$
Street address (including apt. no.)		5 Foreign tax paid \$	7 Foreign source U.S. interest \$
City, state, and ZIP code		6 Tax-exempt interest \$	9 Tax-exempt interest rate \$
Account number (see instructions)		10 Tax-exempt bond CUSIP (to help instructions)	

Form 1099-INT (Keep for your records) Department of the Treasury—Internal Revenue Service

Name _____

Date _____

Solve.

11. Sarah's gross income is \$27,345. She has \$789 in adjustments to income. What is her Adjusted Gross Income?

12. Martin's AGI is \$19,456, with a \$3,900 deduction and no exemptions. What is his taxable income?

13. Lee Ann's taxable income is \$13,932 and she is single. What is her federal tax?

14. Ira files Form 1040EZ and is not claimed on another form. How much is his personal exemption?

15. The Martinez's joint tax return has itemized deductions of \$2,780. Should they take the itemized or the standard deduction?

16. Diana's Adjusted Gross Income was \$19,874 last year. How much state tax did she pay? (Use the tax table.)

If line 43 (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly	Married filing separately	Head of a household
12,000					
12,000	12,050	1,385	1,203	1,385	1,206
12,050	12,100	1,393	1,208	1,393	1,214
12,100	12,150	1,400	1,213	1,400	1,221
12,150	12,200	1,408	1,218	1,408	1,229
12,200	12,250	1,415	1,223	1,415	1,236
12,250	12,300	1,423	1,228	1,423	1,244
12,300	12,350	1,430	1,233	1,430	1,251
12,350	12,400	1,438	1,238	1,438	1,259
12,400	12,450	1,445	1,243	1,445	1,266
12,450	12,500	1,453	1,248	1,453	1,274
12,500	12,550	1,460	1,253	1,460	1,281
12,550	12,600	1,468	1,258	1,468	1,289
12,600	12,650	1,475	1,263	1,475	1,296
12,650	12,700	1,483	1,268	1,483	1,304
12,700	12,750	1,490	1,273	1,490	1,311
12,750	12,800	1,498	1,278	1,498	1,319
12,800	12,850	1,505	1,283	1,505	1,326
12,850	12,900	1,513	1,288	1,513	1,334
12,900	12,950	1,520	1,293	1,520	1,341
12,950	13,000	1,528	1,298	1,528	1,349
13,000					
13,000	13,050	1,535	1,303	1,535	1,356
13,050	13,100	1,543	1,308	1,543	1,364
13,100	13,150	1,550	1,313	1,550	1,371
13,150	13,200	1,558	1,318	1,558	1,379
13,200	13,250	1,565	1,323	1,565	1,386
13,250	13,300	1,573	1,328	1,573	1,394
13,300	13,350	1,580	1,333	1,580	1,401
13,350	13,400	1,588	1,338	1,588	1,409
13,400	13,450	1,595	1,343	1,595	1,416
13,450	13,500	1,603	1,348	1,603	1,424
13,500	13,550	1,610	1,353	1,610	1,431
13,550	13,600	1,618	1,358	1,618	1,439
13,600	13,650	1,625	1,363	1,625	1,446
13,650	13,700	1,633	1,368	1,633	1,454
13,700	13,750	1,640	1,373	1,640	1,461
13,750	13,800	1,648	1,378	1,648	1,469
13,800	13,850	1,655	1,383	1,655	1,476
13,850	13,900	1,663	1,388	1,663	1,484
13,900	13,950	1,670	1,393	1,670	1,491
13,950	14,000	1,678	1,398	1,678	1,499

STATE TAX	
Adjusted Gross Income	Tax rate
First \$8,000	2%
Next \$7,000	3.5%
Next \$5,000	5%
Over \$20,000	6.5%

- 22. \$69.72 (Refund)
- 23. \$1,750.00
- 24. \$17,718.12
- 25. \$395.13
- 26. \$23.19 (Refund)
- 27. \$1,487.81
- 28. \$273.40 (Owe)
- 29. \$4,150.00
- 30. \$28,662.41
- 31. \$778.18
- 32. \$68.97 (Owe)

Pages 64-66
Problem Solving Strategy
Practice

- 1. \$2,600
- 2. \$1,600
- 3. \$1,000
- 4. 2
- 5. \$500
- 6. \$5,550
- 7. \$3,450
- 8. \$2,100
- 9. 1
- 10. \$2,100
- 11. \$240
- 12. \$175
- 13. \$1,075
- 14. \$1,300
- 15. \$50
- 16. Federal: \$1,912.50
State: \$765
City: \$148.75
- 17. \$212.50
- 18. \$45
- 19. \$1,250
- 20. \$800
- 21. \$100
- 22. Federal: \$2,100; State: \$720; City: \$180; Total: \$3,000

Pages 68-70
Decision Making

- 1. \$332
- 2. IRA: \$275
- 3. \$25,119
- 4. \$3,650
- 5. \$2,714
- 6. \$5,700
- 7. Married, joint
- 8. \$46,820

- 9. \$435
- 10. \$44,755
- 11. \$7,300
- 12. \$3,502
- 13. \$11,400
- 14. Single
- 15. \$25,735
- 16. 0
- 17. Form 1040EZ because a standard deduction will be taken.
- 18. Form 1040A because a standard deduction will be taken.
- 19. Form 1040EZ because a standard deduction will be taken, interest income is less than \$400, there are no adjustments or dependents, and the person is single.
- 20. Yes. She will need to complete 1099-G.
- 21. No. Student loan deductions cannot be made using 1040EZ.
- 22. No. Miscellaneous income cannot be claimed using 1040EZ.
- 23. No. She made too much money.
- 24. Yes. He is within the parameters.
- 25. No, because he gets pension income, he must file 1040A or 1040.
- 26. She must file 1040 because she has gambling winnings.

Pages 71-72
Money Tips

- 1. To have more money available on a regular basis
- 2. Shortly after you file your

taxes in April for the previous year

- 3. Neither. But other factors will affect the tax you owe.
- 4. Work with a tax accountant to determine the correct number of deductions.
- 5. The government is earning interest on that money instead of you.
- 6. Answers may vary.
- 7. e.g., invest to earn interest
- 8. Answers may vary.

Page 74
Calculator

- 1. 36
- 2. 37
- 3. 20
- 4. 31.3
- 5. 88.06
- 6. 497.5
- 7. 0.6
- 8. 42.1
- 9. 5.2
- 10. \$6,150
- 11. \$97
- 12. Answers will vary.

Pages 75-76
Part II Review

Review

- 1. b
- 2. b
- 3. a
- 4. \$23,462.18
- 5. 1,948.72
- 6. \$305.18
- 7. \$183.46
- 8. \$1,794.86
- 9. \$246.87
- 10. \$23,709.05
- 11. \$26,556
- 12. \$15,556
- 13. \$1,670
- 14. \$3,650
- 15. Standard deduction
- 16. \$648.70

