

Lesson 2.3 Federal Income Taxes

Exercises

1. Edna Kropp's gross income for a year included salary, \$12,400; commission, \$27,750; interest, \$440. Her adjustments to income were payments to a retirement plan, \$2,000, and a penalty for withdrawing savings early from a time-deposit account, \$126.
 - a. What was her gross income for the year?
 - b. Find her adjusted gross income for the year.

2. Find the amounts that are missing from this summary of an income tax return:

a. Gross income	\$42,685
b. Adjustments to income	3,670
c. Adjusted gross income	_____
d. Deductions	8,978
e. Adjusted gross income less Deductions	_____
f. Exemptions (4 × \$3,100)	12,400
g. Taxable income	_____

3. Vince Bottolito's adjusted gross income on his federal tax return was \$53,748. He claimed the standard deduction of \$4,850, and one exemption at \$3,100. What was Vince's taxable income?
4. The Valek's gross income last year was \$64,890. They had adjustments to income totaling \$3,829. Their deductions totaled \$12,502, and they had four exemptions at \$3,100 each. Find their taxable income.
5. Ester Valdes earned \$19,450 from wages, \$4,000 from tips, and \$1,467 in interest last year. She had adjustments to income of \$2,157. She claimed the standard deduction of \$4,850 and a personal exemption for herself of \$3,100.
 - a. What was Ester's gross income?
 - b. What was her taxable income?

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6. Find the tax for each exercise. Use the tax table on page 55 in the textbook to do these exercises.

	Taxable Income	Filing status	Tax
a.	\$13,585	Single	
b.	\$13,800	Married filing jointly	
c.	\$13,978	Head of household	
d.	\$23,049	Married filing separately	
e.	\$23,200	Married filing jointly	

7. Nicki Wilson is single and has a taxable income of \$23,780. Find her tax.
8. Tim O'Hara's taxable income last year was \$23,931.
- If Tim is single, what was his tax last year?
 - If Tim is married and filing separately, what was his tax last year?
9. Mary Beth Sinclair's employer withheld \$1,851 for taxes last year from her wages. On her tax return, Mary's taxable income was \$13,587 and her filing status was "married filing separately."
- Should Mary pay additional tax or receive a refund?
 - What is the amount of the payment or refund?
10. The Kokorapolus's are married and are filing a joint tax return. Their gross income is \$35,836. They are claiming \$1,000 in adjustments to income. They are also claiming \$8,906 in itemized deductions and four exemptions of \$3,100 each. They have already paid a total of \$2,245 in withholding taxes.
- What was their actual tax?
 - They are entitled to a refund of what amount?