

POWERFUL PARTNERS

Preparing for the future starts now, but how do students apply what they have learned in school to the real world? Sharing college prep or vocational options and real world scenarios, will help our scholars thrive after high school. Here are some tips and websites to help students navigate the next step in their life.

Let's Talk About Income Taxes!

Due around April 15th each year (depending on the day of week the 15th falls)

Important Information (especially for college students):

- Your parents can claim you as a dependent on their tax return if you're a single full-time student younger than 24. However, in college, you can file on your own and you may be able to take advantage of tax breaks on your own tax return.
- Most scholarships are tax-free. That means they won't be included as taxable income (unlike money you make from a job) when it comes time to calculate your refund.
- There are extra things you need to check into like the American Opportunity Tax Credit (AOTC) and the Lifetime Learning Credit, which may give you more refunds.
- If you make less than \$73,000 per year, you can file your taxes for free with companies that the government uses as irs.gov.

Frequently Asked Questions:

- Does it matter if I file by April 15th? Yes, there's a late-filing penalty of 5% per month, up to 25% of your unpaid taxes for filing late. However, you can also file for an extension if there is a need.
- What is a W-4? A W-4 is the form your employer will have you fill out at employment. It calculates how much tax to withhold from your paycheck. If you withhold too little, you may owe money when you file your taxes. If you withhold too much, you may get a large refund, but you'll have to live on less of a paycheck during the year. The IRS has a calculator to help you figure out what to withhold.
- What happens if I owe the IRS more money than I can pay at one time? Is there a payment plan? Yes, the IRS offers a payment plan for these situations.
- Can I do my own taxes, or do I have to pay a company to have those done? You can do either. There are also software programs out there that let you do them on your own, as well, or you can file for free using programs if you make less than \$73,000 a year.
- How do I know if I have to file taxes? According to the IRS, all dependent children who earn more than \$12,550 of income in 2021 must file a personal income tax return.
- Why does my income tax form say 2021 when it is 2022? You are paying taxes for the previous year (Jan-Dec 2021).

Important Tax Tables for this session

Exemption Deductions for Tax Year 2022	
Exemption Class	Exemption Deduction
Single	\$1,000
Married	\$2,000
Married with 1 child	\$1,000
Married with 2 children	\$2,000
Married with 3 children	\$3,000

Standard Deductions Based upon Filing Status for Tax Year 2022	
Filing Status	Standard Deduction
Single	\$12,000
Married filing jointly	\$24,000

Federal Income Tax for Married Filing Jointly for Tax Year 2022				
if taxable income is over:	but not over:	The tax is:	plus the marginal rate:	of the amount over:
0	\$17,000	10%	10%	0
17,000	34,000	\$1,700.00	12%	17,000
34,000	51,000	\$3,400.00	22%	17,000
51,000	68,000	\$7,060.00	24%	17,000
68,000	85,000	\$10,720.00	26%	17,000
85,000	102,000	\$14,380.00	28%	17,000
102,000	119,000	\$18,040.00	30%	17,000
119,000	136,000	\$21,700.00	32%	17,000
136,000	153,000	\$25,360.00	34%	17,000
153,000	170,000	\$29,020.00	36%	17,000
170,000	187,000	\$32,680.00	38%	17,000
187,000	204,000	\$36,340.00	40%	17,000
204,000	221,000	\$40,000.00	42%	17,000
221,000	238,000	\$43,660.00	44%	17,000
238,000	255,000	\$47,320.00	46%	17,000
255,000	272,000	\$50,980.00	48%	17,000
272,000	289,000	\$54,640.00	50%	17,000
289,000	306,000	\$58,300.00	52%	17,000
306,000	323,000	\$61,960.00	54%	17,000
323,000	340,000	\$65,620.00	56%	17,000
340,000	357,000	\$69,280.00	58%	17,000
357,000	374,000	\$72,940.00	60%	17,000
374,000	391,000	\$76,600.00	62%	17,000
391,000	408,000	\$80,260.00	64%	17,000
408,000	425,000	\$83,920.00	66%	17,000
425,000	442,000	\$87,580.00	68%	17,000
442,000	459,000	\$91,240.00	70%	17,000
459,000	476,000	\$94,900.00	72%	17,000
476,000	493,000	\$98,560.00	74%	17,000
493,000	510,000	\$102,220.00	76%	17,000
510,000	527,000	\$105,880.00	78%	17,000
527,000	544,000	\$109,540.00	80%	17,000
544,000	561,000	\$113,200.00	82%	17,000
561,000	578,000	\$116,860.00	84%	17,000
578,000	595,000	\$120,520.00	86%	17,000
595,000	612,000	\$124,180.00	88%	17,000
612,000	629,000	\$127,840.00	90%	17,000
629,000	646,000	\$131,500.00	92%	17,000
646,000	663,000	\$135,160.00	94%	17,000
663,000	680,000	\$138,820.00	96%	17,000
680,000	697,000	\$142,480.00	98%	17,000
697,000	714,000	\$146,140.00	100%	17,000

Standard Deduction: The U.S. government considers the income of a family (or individual) to include the sum of any money earned from a husband's or wife's job, and money made from their personal businesses or investments. The taxes for a household (i.e., an individual or family) are not computed from the before; rather, they are computed from the household's taxable income. For many families, the household's taxable income is simply the household's income minus exemption deductions and minus standard deductions.

Disposable Income = Income - Exemption Deduction - Standard Deduction

All of the problems we will present in this lesson will use this equation to find a family's taxable income. The only exception is if the family's taxable income is less than zero, in which case we will use that the family's taxable income is zero.

Now You Try the Math

- Find the taxable income of a single person with no kids, who have a combined income of \$55,000.
- Find the taxable income of a married couple with two children who have a combined income of \$55,000
- Find the taxable income of a married couple with one child, who have a combined income of \$23,000.

3.	\$0
2.	\$27,200
1.	\$45,000