

Form 1040-WJ

		<b>Typical Taxpayer Scenarios</b>		
<b>Line</b>	<b>Income:</b>	<b>A</b>	<b>B</b>	<b>C</b>
1	Wages, salaries, tips, etc. from Form W-2	\$ 26,500	\$ 75,000	\$ 240,000
2	Taxable Interest Income	\$ 600	\$ 1,100	\$ 3,600
3	Ordinary Dividends Received		\$ 65	\$ 2,100
4	Alimony Received			
5	IRA Distributions			
6	Pension and Annuity Income			
7	Unemployment Compensation		\$ 900	
8	Social Security Benefits	\$ 6,000		
<b>9</b>	<b>Class 1 Income - Lines 1 through 8</b>	<b>\$ 33,100</b>	<b>\$ 77,065</b>	<b>\$ 245,700</b>
10	Business income or (loss)			\$ (4,400)
11	Capital gain or (loss)		\$ (1,200)	\$ 4,900
12	Farm income or (loss)			
13	Rental income, royalties, partnerships, trusts			
14	Other income			\$ 2,000
<b>15</b>	<b>Class 2 total income - Lines 10 through 14</b>	<b>\$ -</b>	<b>\$ (1,200)</b>	<b>\$ 2,500</b>
<b>16</b>	<b>Total Income - combine Line 9 and Line 15</b>	<b>\$ 33,100</b>	<b>\$ 75,865</b>	<b>\$ 248,200</b>
<b>Deductions:</b>				
17	State, local and property taxes paid	\$ 85	\$ 4,800	\$ 8,500
18	Charitable Contributions	\$ 150	\$ 255	\$ 3,250
19	Home mortgage interest paid	\$ -	\$ 8,400	\$ 14,600
20	Enter 5% of line 16	\$ 1,655	\$ 3,793	\$ 12,410
21	Allowable home mortgage deduction Subtract line 20 from line 19	\$ -	\$ 4,607	\$ 2,190
22	Misc itemized deductions	\$ 250	\$ 365	\$ 13,100
23	Enter 5% of line 16	\$ 1,655	\$ 3,793	\$ 12,410
24	Allowable misc deductions subtract line 23 from line 22	\$ -	\$ -	\$ 690
25	Combine lines 17, 18, 21, 24 This is your allowable deduction	\$ 235	\$ 9,662	\$ 14,630
<b>Tax Calculation:</b>				
26	Class 1 income from Line 9	\$ 33,100	\$ 77,065	\$ 245,700
27	Class 2 income from Line 15	\$ -	\$ (1,200)	\$ 2,500
28	Total Income from Line 16	\$ 33,100	\$ 75,865	\$ 248,200
29	Tier 1 Taxable Income	\$ 33,100	\$ 50,000	\$ 50,000
30	Tier 2 Taxable Income	\$ -	\$ 25,865	\$ 198,200
31	Tier 1 Tax - Enter 15% of line 29	\$ 4,965	\$ 7,500	\$ 7,500
32	Tier 2 Tax - Enter 20% of line 30	\$ -	\$ 5,173	\$ 39,640
33	Combine lines 31 and 32 This is your total tax bill	\$ 4,965	\$ 12,673	\$ 47,140
<b>(Percent of taxes to total income)</b>		<b>15%</b>	<b>17%</b>	<b>19%</b>