

Federal Tax Test. Chapters 1- 3. Test No. _____
Fall, 2015. The University of North Carolina at Charlotte

Name _____ Row in Class _____

INSTRUCTIONS: This test is "open book," which means you may use your electronic textbook or hard copy textbook during the test. You may also use your lecture notes, your study notes, and teaching materials provided in this class or on the website. Some answers may be rounded to nearest dollar. Use 2015 tax rate schedules when computing federal individual income tax (See next to last page of test). Avoid all appearances of impropriety. If you see any sign of impropriety, please prepare an anonymous note and slide it under the instructor's office door. **Do not consider the additional tax that is imposed on investment income by the Affordable Care Act.**
Multiple-Choice- 25 questions. (4 points each total: 100)

Failure to follow instructions below will result in a 5 point reduction in your grade.

<p>1. Use a soft-lead pencil In Spaces Above 2. Enter name in appropriate space above. Write clearly. 3. Enter above the row number for your seat in class.</p>	<p>On the OpSCAN Sheet: 4. Enter name (last name first) in the area for "NAME." 5. Enter test number (found in upper right hand corner of this page) in the special codes area. 6. Blacken circle containing appropriate letter for each question.</p>
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Information for first five questions. Chuck, a single taxpayer, earns a salary of **\$120,000** in 2015. He has no deduction for AGI. He claimed an exemption of \$4,000 and itemized deductions of \$21,000. He also earns \$10,000 in interest from an investment in City of Heflin bonds in 2015.

1. See information above for Chuck. How much total Social Security and Medicare tax will Chuck's employer withhold from his pay in 2015?

- a. \$9,522 b. \$10,105 c. \$9,087 d. \$9,671 e. Other

2. See information above for Chuck. How much is his federal tax liability before credits for 2015, based on the applicable tax rate schedule (rounded)?

- a. \$31,617 b. \$28,071 c. \$19,101 d. \$19,671 e. Other

3. See information above for Chuck. What is Chuck's average tax rate?

- a. 20.71% b. 21.98% c. 22.46% d. 24.23% e. Other

4. See information above for Chuck. What is Chuck's current marginal tax rate?

- a. 15% b. 25% c. 28% d. 33% e. 35%

5. See information above for Chuck. Chuck reported the income and deduction amounts that are identified above. Assume you discover that Chuck also received a dividend of \$20,000 on a stock investment in Bank of America in 2015.

How much is his federal income tax before credits, after including the \$20,000 dividend?

- a. \$22,671 b. \$32,076 c. \$34,901 d. \$31,071 e. Other

6. Hugh has the choice between investing in a City of Charlotte bond that pays interest at the rate of 6% or a Duke Energy, Inc. bond that pays interest at the rate of 9%. Both bonds have the same nontax characteristics and that Hugh has a 28% marginal tax rate. What interest rate does Duke Energy, Inc. need to offer to make Hugh indifferent between investing in the two bonds?

- a. 9.124% b. 7.032% c. 8.955% d. 8.723% e. 8.333%

7. Jo filed her 2014 tax return on February 10, 2015.

When will the statute of limitations expire for this tax return?

- a. March 15, 2018. b. April 15, 2018. c. March 15, 2019 d. April 15, 2019

8. Which of the following citations identifies statutory law?
- Reg. Sec. 1.111-1(b)
 - Rev. Rul. 82-204, 1982-2 C.B. 192
 - IRC Sec. 469(c)(7)(B)(i)
 - Amdahl Corp.*, 108 TC 507 (1997)
9. In deciding whether to carry a case to the District Court or Tax Court, the following advantage of the **Tax Court** should be considered:
- the IRS cannot appeal a Tax Court decision
 - payment of the tax deficiency before trial is not required in the Tax Court
 - a jury trial may be available in the Tax Court
 - in case of inadequate accounting records of the taxpayer's income, the burden of proof will be on the IRS in the Tax Court
10. The IRS has just completed the audit of your client. What document will your client receive that provides information about requesting a conference with an appeals officer?
- 30-day letter
 - Writ of Certiorari
 - 90-day letter
 - Letter Rulings
11. A publication of the Treasury Department includes the Department's official interpretation of the Internal Revenue Code. What is the name of that publication?
- Revenue Rulings
 - Determination letters
 - Regulations
 - Letter Rulings
12. Mr. T is age 71, single, and cannot be claimed as a dependent by another taxpayer. He does not have any self-employment income. For the current year, he must file a federal income tax return if he had gross income of at least:
- \$4,000
 - \$10,000
 - \$10,300
 - \$11,850
 - Other
13. Jones, a calendar-year individual taxpayer, reported a gross income of \$100,000 on his 2012 income tax return. Jones inadvertently omitted a **\$50,000** commission from gross income. The commission should have been included in income for 2012. This was an honest mistake. Jones was not negligent, etc. Jones filed his 2012 return on March 15, 2013. To collect the tax on the \$50,000 omission, the IRS must assert a notice of deficiency no later than:
- March 15, 2016.
 - April 15, 2016.
 - March 15, 2019
 - April 15, 2019
- The next four questions are related to the same client situation:**
14. Your client reported salary of \$190,000 for 2013. Itemized deductions included a charitable contribution deduction of \$50,000. After taking into account this charitable contribution deduction and other deductions, the client reported federal income tax before credits of \$28,000. Your client filed the 2013 individual income tax return on July 18, 2014 (with total income tax liability of \$28,000, and no withholding or estimated tax payments). What amount of the penalty was imposed on the taxpayer for late filing and late payment?
- \$5,671
 - \$5,600
 - \$4,901
 - \$11,071
 - Other
15. Continue preceding question. What is the last day that the taxpayer may file an amended return and claim additional deductions for 2013?
- March 15, 2018
 - July 18, 2016
 - July 18, 2017
 - April 15, 2018
 - April 15, 2017
16. Continue preceding question. The IRS disallowed a charitable contribution deduction of \$50,000. Your client received a notice of deficiency of \$14,000. Assume the IRS proposes to assess the accuracy related penalty under section 6662(a). How much is the accuracy related penalty that will be proposed.
- \$1,400
 - \$2,800
 - \$7,000
 - \$14,000
 - Other
17. Continue preceding question. Assume you charged a fee of \$1,500 for preparing the return. How much accuracy-related penalty could the IRS potentially assess against you under Sec. 6694?
- \$500
 - \$750
 - \$1,400
 - \$1,500
 - \$1,000

18. Dennis is currently considering investing in municipal bonds that earn 6 percent interest, or in taxable bonds issued by the Coca-Cola Company that pay 8 percent.

At what personal marginal income tax rate would he be indifferent between the bonds?

- a. 20% b. 25% c. 33% d. 39.6% e. Other

19. Helen holds 1,000 shares of Fizbo Inc. stock that she purchased on January 30, 2015.

The stock has done well and has appreciated \$20/share since Helen bought the stock.

Helen's marginal tax rate is 25%. Tax rates will be unchanged in 2016.

How much would she save by holding the stock until February 1, 2016 before selling the stock?

- a. \$0 b. \$1,000 c. \$1,500 d. \$2,000 e. Other

20. On September 17, 2015, Arthur bought IBM stock for \$32,000.

On September 2, 2016, Arthur sold stock for \$37,000. He has no other capital asset sale in 2016.

Arthur is in the 25% marginal tax rate bracket for ordinary income. What is his tax on the stock sale?

- a. \$ - 0 - b. \$ 500 c. \$ 750 d. \$1,000 e. \$1,250

21. The Best Corporation has prepared its GAAP income statement for 2015, which shows net income before tax of \$200,000. The corporation expects to generate GAAP net income of approximately \$200,000 in each of the next five years. The GAAP income statement for 2015 includes depreciation expense of \$15,000 on equipment placed in service this year at a total cost of \$75,000. Best Corporation uses the straight-line depreciation method with a useful life of 5 years, and no salvage value.

On the federal income tax return, the company will expense the entire cost of the equipment in 2015.

There is no state income tax.

How much income tax will be saved in 2015, because of the decision to claim the extra depreciation?

- a. \$60,000 b. \$15,000 c. \$23,400 d. \$54,600 e. Other

22. Continue the preceding question. The current income tax rates will apply to all future years under consideration. What will be the balance in the deferred income tax liability account at the end of 2016?

- a. \$17,550 b. \$23,400 c. \$11,700 d. \$5,850 e. Other

23. Mary owns a C corporation that has net income (before salary to Mary) of \$700,000.

After deducting Mary's salary of \$200,000, the corporation has taxable income of \$500,000.

Mary's salary is reasonable for an executive with her management experience. The corporation projects that it will owe federal income tax of \$170,000 on its federal income tax return. There is no state income tax. In addition to the salary of \$200,000, Mary has interest income on her savings account in the amount of \$30,000 per year. Her deductions from AGI total \$30,000 (for her exemption and her itemized deductions). Mary is married and files a joint return. Her taxable income is projected to be \$200,000 and her personal income tax (before credits) is projected to be \$43,052.

You project that the total federal income tax burden [the total income tax liability (before credits)] on the corporate return and the individual income tax return) will be \$213,052 for the year. How much will that total amount of individual and corporate income tax change if Mary decides to take a \$20,000 bonus in the current year in addition to her regular salary of \$200,000? See last page of test.

- a. \$1,200 increase b. \$6,800 decrease c. \$1,200 decrease d. \$5,600 increase

24. Continue preceding question. Mary has decided that she will not take a bonus in 2015.

How much will that total federal income tax burden (individual and corporate income tax before credits) change if Mary decides to take a \$20,000 dividend in the current year in addition to her regular salary of \$200,000?

- a. \$1,200 increase b. \$6,800 decrease c. \$1,200 decrease d. \$3,000 increase

25. Which would you prefer? **A. A good grade on this test** **B. A toothache**

Federal Income Tax Rates-Single. 2015

Taxable income:		Total Federal Income Tax			
Over	But not over	Tax on all Previous Layers	Plus	of Taxable Income over:	
\$0	\$9,225	0.00	+	10%	\$0
9,225	37,450	922.50	+	15%	9,225
37,450	90,750	5,156.25	+	25%	37,450
90,750	189,300	18,481.25	+	28%	90,750
189,300	411,500	46,075.25	+	33%	189,300
411,500	413,200	119,401.25	+	35%	411,500
\$413,200		119,996.25	+	39.6%	413,200

Example: with taxable income of \$9,325, rate is 10% on \$9,225 and 15% on \$100

Income Tax Rates - Head of Household - 2015.

Individual taxable income		Total Federal Income Tax			
Over	But not over	Tax on all Previous Layers	Plus	of Taxable Income over:	
\$0	\$13,150	0.00	+	10%	\$0
13,150	50,200	1,315.00	+	15%	13,150
50,200	129,600	6,872.50	+	25%	50,200
129,600	209,850	26,722.50	+	28%	129,600
209,850	411,500	49,192.50	+	33%	209,850
411,500	439,000	115,737.00	+	35%	411,500
\$439,000		125,362.00	+	39.6%	439,000

Federal Income Tax Rates:Joint - 2015.

Taxable income:		Total Federal Income Tax			
Over	But not over	Tax on all Previous Layers	Plus	of Taxable Income over:	
\$0	\$18,450	0.00	+	10%	\$0
18,450	74,900	1,845.00	+	15%	18,450
74,900	151,200	10,312.50	+	25%	74,900
151,200	230,450	29,387.50	+	28%	151,200
230,450	411,500	51,577.50	+	33%	230,450
411,500	464,850	111,324.00	+	35%	411,500
\$464,850		129,996.50	+	39.6%	464,850

Age/

Standard Deduction

Basic

Blindness

Single

\$6,300

\$1,550

Married-Joint

\$12,600

\$1,250

Married - File Separately

\$6,300

\$1,250

Head of Household

\$9,250

\$1,550

Exemption Amount

\$4,000

FICA rate on salary up to

\$118,500

7.65%

FICA rate on excess

Excess

1.45%

Income Tax Rates - Separate - 2015.

Taxable income:		Total Federal Income Tax			
Over	But not over	Tax on all Previous Layers	Plus	of Taxable Income over:	
\$0	\$9,225	0.00	+	10%	\$0
9,225	37,450	922.50	+	15%	\$9,225
37,450	75,600	5,156.25	+	25%	\$37,450
75,600	115,225	14,693.75	+	28%	\$75,600
115,225	205,750	25,788.75	+	33%	\$115,225
205,750	232,425	55,662.00	+	35%	\$205,750
\$232,425		64,998.25	+	39.6%	\$232,425

Federal Corporate Income Tax Rates

Taxable Income		Of the			
over	but not over	The tax is:			amount over:
\$0	\$50,000	\$0	+	15%	\$0
50,000	75,000	7,500	+	25%	50,000
75,000	100,000	13,750	+	34%	75,000
100,000	335,000	22,250	+	39%	100,000
335,000	10,000,000	113,900	+	34%	335,000
10,000,000	15,000,000	3,400,000	+	35%	10,000,000
15,000,000	18,333,333	5,150,000	+	38%	15,000,000
18,333,333				35%	

Above \$18,333,333, the marginal and average tax rate is 35% on all taxable income

Rich Corporation Income Tax Return (C Corporation, Form 1120)

Corporate Tax Return	1	Corporate Revenue	1,000,000
	2	Operating Expenses Other Than Owner Salary (detail below)	300,000
	3	Net income before owner salary	700,000
	4	Salary Paid to Owner	200,000
	5	Bonus Paid to Owner	
	6	Net Income	500,000
	7	Corporate Income Tax Rate	34%
	8	Corporate income Tax (Tax Rates at Bottom of Page)	170,000
	9	Net Income after income tax	330,000
	10	Dividend paid to owner	0

Individual Income Tax (Mary Rich & Husband) Form 1040

Individual Tax Return	11	Salary	200,000
	12	Flow-Through income	
	13	Dividend Income	0
	14	Interest income on Bank Account	30,000
	15	Adjusted gross income	230,000
	16	Exemptions	(8,000)
	17	Itemized deductions	(22,000)
	18	Taxable income	200,000
	19	Total individual income tax	43,052

20	Corporate income tax (above)	170,000
21	Individual income tax (above)	43,052
22	Total current income tax burden	213,052

Computation of Individual Income Tax				Total Tax
23	Lower layer(s)	151,200		29,388
24	Income tax at marginal rate	48,800	28%	13,664
25	Regular income & Tax	200,000		43,052
26	Dividend income & Income Tax			
27	Total individual income tax			43,052

This analysis omits Social Security Tax & Self-Employment Tax.

Federal Income Tax Rates for a Joint Return for 2015.

Taxable income		Federal Income Tax-Joint			
Over	But not over	Tax on all Previous Layers	Plus	of Taxable Income over:	
\$0	\$18,450	0.00	+	10%	\$0
\$18,450	\$74,900	1,845.00	+	15%	\$18,450
\$74,900	\$151,200	10,312.50	+	25%	\$74,900
\$151,200	\$230,450	29,387.50	+	28%	\$151,200
\$230,450	\$411,500	51,577.50	+	33%	\$230,450
\$411,500	\$464,850	111,324.00	+	35%	\$411,500
\$464,850		129,996.50	+	39.6%	\$464,850

From	To	Rate	Amount	Tax
\$0	\$50,000	15%	\$50,000	\$7,500
\$50,000	\$75,000	25%	\$25,000	6,250
\$75,000	\$100,000	34%	\$25,000	8,500
\$100,000	\$335,000	39%	\$235,000	91,650
\$335,000	\$10,000,000	34%	\$165,000	56,100
\$10,000,000	\$15,000,000	35%	\$0	0
\$15,000,000	\$18,333,333	38%	\$0	0
\$18,333,333		35%	\$0	0
Taxable income			\$670,000	
Federal Income Tax				\$170,000

No. An.		Test No. 1. Fall, 2015				
1	C	Total compensation		\$120,000		
		Amount Subject to both (6.2% and 1.45%)		\$118,500	7.65%	\$9,065.25
		Amount Subject to Medicare tax (at 1.45%)		\$1,500	1.45%	\$21.75
						\$9,087.00
2	D	Chuck, Single, 2015- Case A		Computation		
		Salary		\$120,000	\$150,000	Case B below
		Exemption	\$4,000			
		Itemized deductions	\$21,000	(\$25,000)		
		Taxable Income		\$95,000		
3	A	Chuck, Single, 2015- Case A		Base	Rate	Tax
		First layer for this taxpayer		90,750		18,481.25
		Top layer for this taxpayer		4,250	28%	1,190.00
		Total- Case A		95,000		19,671.25
Average tax rate				20.71%		
4	C	28%				
5	A			Case A		
		Income tax from above		19,671.25		
		Dividend Tax	20,000	15%	\$3,000	
		Total income tax		\$22,671		
6	E	Taxable bond vs. Municipal bond rate of return				
				Case A	Case B	
		Municipal Rate		6%	6%	
		Income tax rate		28.00%	33.00%	
		1-Income tax rate		72.00%	67.00%	
		Equivalent taxable rate		8.333%	8.955%	
		100 percent		100.00%	100.00%	
		Marginal tax rate		28.00%	33.00%	
		1-marginal tax rate		72.00%	67.00%	
		Taxable interest rate		8.33%	8.96%	
		After tax rate on corp. bond		6.00%	6.00%	

No. Explanation

Code

- 7 B
- 8 C
- 9 B
- 10 A
- 11 C

12 D Filing requirement for single person: Minimum income for required filing.
Exemption amount plus standard deduction amount.

	2015
Standard Deduction amount	\$6,300
Std deduction - age or blindness	1,550
Personal exemption amount	4,000
Filing threshold	\$11,850

13 D

14 B Compute late filing penalty

6651

Penalty for failure to file is 5% per month, up to 5 months.
 Penalty for failure to pay is .5% per month. (Max. 25%)
 Failure to file penalty is reduced by failure to pay penalty (.5%)
 In effect, total penalty is 5% per month, for first few months.

Amount Underpaid	\$28,000	April 15	
Rate per month it is late	5.0%	May 15	One month
Penalty per month	\$1,400	June 15	Two months
		July 15	Three months
Number of months	4	July 18	Four months
Late payment penalty	\$5,600		

302 b

Essentials Textbook page 2-27.

15 C

16 B

Understatement penalty - Section 6662	
Difference	\$14,000
Penalty rate under section 6662	20%
Penalty proposed by the IRS	\$2,800

17 E

Penalty is greater of:		
(1) \$1,000, or		\$1,000
(2) 50% of your fee for tax preparation		
Fee for preparing the return	\$1,500	
Amount equal to 50% of your fee		\$750
Potential preparer penalty-Section 6694(a)(1)		\$1,000

18 B **Taxable bond vs. Municipal bond rate of return**

Municipal Rate	6%	8%
Income tax rate		25%
1-Income tax rate		75%
After-tax rate	6.00%	6.00%

19 D **Helen**

	2015	2016	Difference
Gain per share	\$20	\$20	
Number of shares	1,000	1,000	
Expected taxable income	\$20,000	\$20,000	
Marginal rate	25%	15%	
Savings	\$5,000	\$3,000	\$2,000

20 E

Short-term capital gain	\$5,000
Marginal rate	25%
Tax on short-term sale	\$1,250

21 C

Extra write-off	\$60,000
Marginal rate	39%
Tax on short-term sale	\$23,400

	2015	2016	2017	2018	2019
GAAP net income before tax	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Adjust for Tax Depreciation	(60,000)	12,000	12,000	12,000	12,000
Taxable income	\$140,000	\$212,000	\$212,000	\$212,000	\$212,000
	39%				
Tax payable	\$54,600				

22 A

	2015	2016	2017	2018	2019
Cost of Equipment	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
GAAP Accum. Depreciation	(\$15,000)	(\$30,000)	(\$45,000)	(\$60,000)	(\$75,000)
Book Value - GAAP	\$60,000	\$45,000	\$30,000	\$15,000	\$0
Tax Basis	\$0	\$0	\$0	\$0	\$0
GAAP-Tax basis difference	\$60,000	\$45,000	\$30,000	\$15,000	\$0
Tax Rate for future years	39%	39%	39%	39%	39%
Deferred tax liability	\$23,400	\$17,550	\$11,700	\$5,850	\$0

23
24

	Bonus	Dividend
Amount of Bonus or Dividend	\$20,000	\$20,000
Change in Corporate Income Tax		
Amount of extra deduction	\$20,000	\$0
Marginal income tax rate	34.0%	34.0%
Tax Savings	\$6,800	\$0
Change in Individual Income Tax		
Amount of extra income	\$20,000	\$20,000
Marginal income tax rate	28.0%	15.0%
Extra income tax	\$5,600	\$3,000
23 C	Net tax savings with a bonus	\$1,200
24 D	Net extra tax payment with dividend	\$3,000

25 A

Rich Corporation Income Tax Return (C Corporation, Form 1120)

Corporate Tax Return	1	Corporate Revenue	1,000,000	1,000,000
	2	Operating Expenses Other Than Owner Salary (detail below)	300,000	300,000
	3	Net income before owner salary	700,000	700,000
	4	Salary Paid to Owner	200,000	200,000
	5	Bonus Paid to Owner		20,000
	6	Net Income	500,000	480,000
	7	Corporate Income Tax Rate	34%	34%
	8	Corporate income Tax (Tax Rates at Bottom of Page)	170,000	163,200
	9	Net Income after income tax	330,000	316,800
	10	Dividend paid to owner	0	0

Individual Income Tax (Mary Rich & Husband) Form 1040

Individual Tax Return	11	Salary	200,000	200,000
	12	Bonus		20,000
	13	Dividend Income	0	0
	14	Interest income on Bank Account	30,000	30,000
	15	Adjusted gross income	230,000	250,000
	16	Exemptions	(8,000)	(8,000)
	17	Itemized deductions	(22,000)	(22,000)
	18	Taxable income	200,000	220,000
	19	Total individual income tax	48,652	0

20	Corporate income tax (above)	170,000	163,200
21	Individual income tax (above)	43,052	48,652
22	Total current income tax burden	213,052	211,852

Computation of Individual Income Tax				Total Tax	Total Tax
23	Lower layer(s)	151,200		29,388	
24	Income tax at marginal rate	68,800	28%	19,264	
25	Regular income & Tax	220,000		48,652	0
26	Dividend income & Income Tax				
27	Total individual income tax			48,652	0

This analysis omits Social Security Tax & Self-Employment Tax.

Federal Income Tax Rates for a Joint Return for 2015.

Taxable income		Federal Income Tax-Joint			
Over	But not over	Tax on all Previous Layers	Plus	of Taxable Income over:	
\$0	\$18,450	0.00	+	10%	\$0
\$18,450	\$74,900	1,845.00	+	15%	\$18,450
\$74,900	\$151,200	10,312.50	+	25%	\$74,900
\$151,200	\$230,450	29,387.50	+	28%	\$151,200
\$230,450	\$411,500	51,577.50	+	33%	\$230,450
\$411,500	\$464,850	111,324.00	+	35%	\$411,500
\$464,850		129,996.50	+	39.6%	\$464,850

From	To	Rate	Amount	Tax
\$0	\$50,000	15%	\$50,000	\$7,500
\$50,000	\$75,000	25%	\$25,000	6,250
\$75,000	\$100,000	34%	\$25,000	8,500
\$100,000	\$335,000	39%	\$235,000	91,650
\$335,000	\$10,000,000	34%	\$165,000	56,100
\$10,000,000	\$15,000,000	35%	\$0	0
\$15,000,000	\$18,333,333	38%	\$0	0
\$18,333,333		35%	\$0	0
Taxable income			\$670,000	
Federal Income Tax				\$170,000

Federal Income Tax Rates-Single. 2015

Taxable income:		Total Federal Income Tax			
Over	But not over	Tax on all Previous Layers	Plus	of Taxable Income over:	
\$0	\$9,225	0.00	+	10%	\$0
9,225	37,450	922.50	+	15%	9,225
37,450	90,750	5,156.25	+	25%	37,450
90,750	189,300	18,481.25	+	28%	90,750
189,300	411,500	46,075.25	+	33%	189,300
411,500	413,200	119,401.25	+	35%	411,500
\$413,200		119,996.25	+	39.6%	413,200

Example: with taxable income of \$9,325, rate is 10% on \$9,225 and 15% on \$100

Income Tax Rates - Head of Household - 2015.

Individual taxable income		Total Federal Income Tax			
Over	But not over	Tax on all Previous Layers	Plus	of Taxable Income over:	
\$0	\$13,150	0.00	+	10%	\$0
13,150	50,200	1,315.00	+	15%	13,150
50,200	129,600	6,872.50	+	25%	50,200
129,600	209,850	26,722.50	+	28%	129,600
209,850	411,500	49,192.50	+	33%	209,850
411,500	439,000	115,737.00	+	35%	411,500
\$439,000		125,362.00	+	39.6%	439,000

Federal Income Tax Rates:Joint - 2015.

Taxable income:		Total Federal Income Tax			
Over	But not over	Tax on all Previous Layers	Plus	of Taxable Income over:	
\$0	\$18,450	0.00	+	10%	\$0
18,450	74,900	1,845.00	+	15%	18,450
74,900	151,200	10,312.50	+	25%	74,900
151,200	230,450	29,387.50	+	28%	151,200
230,450	411,500	51,577.50	+	33%	230,450
411,500	464,850	111,324.00	+	35%	411,500
\$464,850		129,996.50	+	39.6%	464,850

Age/

Standard Deduction	Basic	Blindness
Single	\$6,300	\$1,550
Married-Joint	\$12,600	\$1,250
Married - File Separately	\$6,300	\$1,250
Head of Household	\$9,250	\$1,550

Exemption Amount \$4,000

FICA rate on salary up to	\$118,500	7.65%
FICA rate on excess	Excess	1.45%

Income Tax Rates - Separate - 2015.

Taxable income:		Total Federal Income Tax			
Over	But not over	Tax on all Previous Layers	Plus	of Taxable Income over:	
\$0	\$9,225	0.00	+	10%	\$0
9,225	37,450	922.50	+	15%	\$9,225
37,450	75,600	5,156.25	+	25%	\$37,450
75,600	115,225	14,693.75	+	28%	\$75,600
115,225	205,750	25,788.75	+	33%	\$115,225
205,750	232,425	55,662.00	+	35%	\$205,750
\$232,425		64,998.25	+	39.6%	\$232,425

Federal Corporate Income Tax Rates

Taxable Income		Of the			
over	but not over	The tax is:			amount over:
\$0	\$50,000	\$0	+	15%	\$0
50,000	75,000	7,500	+	25%	50,000
75,000	100,000	13,750	+	34%	75,000
100,000	335,000	22,250	+	39%	100,000
335,000	10,000,000	113,900	+	34%	335,000
10,000,000	15,000,000	3,400,000	+	35%	10,000,000
15,000,000	18,333,333	5,150,000	+	38%	15,000,000
18,333,333				35%	

Above \$18,333,333, the marginal and average tax rate is 35% on all taxable income