

Free Response Question: Income Tax Calculation

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The nation of Bruref Income Tax Schedule

Taxable Income	Tax Rate
\$1 to \$10,000	10%
\$10,001 to \$30,000	15%
\$30,001 to \$50,000	20%
\$50,001 and over	25%

The following is a list of taxpayers in the country of Bruref. For each of the 5 Brureffians their individual taxable income is given in the table below:

<u>Taxpayer</u>	<u>Taxable Income</u>
Eric	\$9,500
David	\$29,000
Judy	\$49,000
Bobo	\$65,000
Jorge	\$400,000

Your task is to:

- A. Calculate the taxes owed for each person
- B. Calculate the marginal tax rate of each person.
- C. Calculate the average tax rate of each person.

<u>Taxpayer</u>	<u>Taxable Income</u>	<u>Taxes Owed</u>	<u>Marginal Tax Rate</u>	<u>Average Tax Rate</u>
Eric	\$9,500	_____	_____	_____
David	\$29,000	_____	_____	_____
Judy	\$49,000	_____	_____	_____
Bobo	\$65,000	_____	_____	_____
Jorge	\$400,000	_____	_____	_____