Calculating tax

1. Personal income tax is calculated on taxable income. Calculate the taxable income for Jane and Keith.
   a Jane’s gross annual income is $42 854 and she has a total of $7120 in deductions.
   b Keith earns a total of $36 734 p.a. and his deductions total $5725.

2. Meg’s taxable income is $32 640. Her deductions total $3290. What is Meg’s gross income?

3. The table shows the income tax payable on different taxable incomes.  

<table>
<thead>
<tr>
<th>Taxable income</th>
<th>Tax on this income</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 – $6000</td>
<td>Nil</td>
</tr>
<tr>
<td>$6001 – $34 000</td>
<td>15c for each $1 over $6000</td>
</tr>
<tr>
<td>$34 001 – $80 000</td>
<td>$4200 plus 30c for each $1 over $34 000</td>
</tr>
<tr>
<td>$80 001 – $180 000</td>
<td>$18 000 plus 40c for each $1 over $80 000</td>
</tr>
<tr>
<td>$180 001 and over</td>
<td>$58 000 plus 45c for each $1 over $180 000</td>
</tr>
</tbody>
</table>

   The line starting $34 001 – $80 000 is used to work out the tax on a taxable income of $63 500. Enter the calculation $4200 + 0.30 \times (63 500 – 34 000)$ into your calculator then press the equals key to determine the tax payable on a taxable income of $63 500.

4. Use the table in question 3 to calculate the tax payable on the following taxable incomes.
   a $59 200
   b $93 500
   c $230 750
   d $22 450

5. Lara’s gross annual income is $36 800 and the total value of her deductions is $4900.
   a Calculate Lara’s taxable income.
   b How much tax is Lara required to pay?
   c During the year Lara paid $4375 in PAYG tax. Will Lara receive a tax refund? Give a reason for your answer.
   d What is the value of the extra tax Lara will have to pay, or the amount of her refund?

6. Last year Zack earned $46 800 and he had deductions totaling $5200. At the end of the year Zack received a taxation refund of $240. How much did Zack pay during the year in PAYG tax?

7. Grant earns $1520 per fortnight.
   a Each year Grant’s taxation deductions total $3640. Calculate Grant’s annual taxable income.
   b How much should Grant pay per fortnight in PAYG taxation?

Answers
1a $35 734 b $31 009 2 $35 9303 $13 050
4a $11 760 b $23 400 c $80 837.50 d $2467.50
5a $31 900 b $3885 c Lara receives a refund because she has paid more tax than required. d $805
6 Zack’s taxable income = $41 600, the tax Zack should pay = $6480, the PAYG tax Zack paid = $6720
7a $35 880 b $183.23

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