

## **SECTIONS 2-2, 2-3 State Income Tax and Graduated State Income Tax**

Most states require employers to withhold a certain amount of your pay for state income tax. In some states, the tax withheld is a percent of your taxable wages. Your taxable wages depend on personal exemptions allowed for supporting yourself and others in your family. Most states have a graduated income tax that involves a different tax rate for each of several levels of income.

$$\text{Taxable Wages} = \text{Annual Gross Pay} - \text{Personal Exemptions}$$

$$\text{Annual Tax Withheld} = \text{Taxable Wages} \times \text{Tax Rate}$$

$$\text{Tax Withheld per Pay Period} = \frac{\text{Annual Tax Withheld}}{\text{Number of Pay Periods per Year}}$$

For Problems 1–4, use the personal exemptions below to find the amount withheld.

PERSONAL EXEMPTIONS: Single — \$1,500; Married — \$3,000;  
Each Dependent — \$700

1. Jack Pasler earns \$30,940 annually as an accountant. He is married and supports 1 child. The state tax rate in his state is 4.5 percent of taxable income. What amount is withheld yearly for state income tax? \_\_\_\_\_
2. Aziza Johnson earns \$34,850 annually as an engineer. She is single and supports her father. The state tax rate in her state is 3.0 percent of taxable income. What amount is withheld yearly for state income tax? \_\_\_\_\_
3. Nehru Patel earns \$42,500 annually as a new staff attorney. He is single. The state tax rate in his state is 3.5 percent of taxable income. What amount is withheld from his monthly pay for state income tax? \_\_\_\_\_
4. Kalila Haddad earns \$394.00 per week. She is married and claims 3 children as dependents. The state tax rate in Haddad's state is 2.0 percent of taxable income. What amount is withheld from Haddad's weekly pay for state income tax? \_\_\_\_\_
5. You are a computer operator for Data Base, Inc. The state has the following personal exemptions and graduated income tax.

Personal Exemptions	
Single	\$1,500
Married	\$3,000
Each Dependent	\$ 700

STATE INCOME TAX	
Annual Gross Pay	Tax Rate
First \$1,000	1.5%
Next \$2,000	3.0%
Next \$2,000	4.5%
Over \$5,000	5.0%

You earn \$28,600 a year. You are single and are paid on a weekly basis. What amount is withheld from your weekly paycheck for state income tax? \_\_\_\_\_