

Calculating Income Tax Bracket 2

1. Mr. Muhammad is a college professor who makes \$87 000.00/year in gross income. Determine Mr. Muhammad's income tax for the year.

Step 1: Calculate how much of his earnings fall into the second bracket:
second tax bracket earnings = \$87 000.00 - \$43 561.00
= \$43 439.00

Step 2: Calculate how much income tax is paid in each bracket.

Income tax = first bracket tax + second bracket tax
= (tax rate \times first bracket pay) + (tax rate \times second bracket pay)
= (25% \times \$43 561.00) + (32% \times \$43 439.00)
= (0.25 \times \$43 561.00) + (0.32 \times \$43 439.00)
= \$10 890.25 + \$13 900.48
= \$24 790.73

Mr. Muhammad would pay \$24 790.73 in income tax.