Calculating Income Tax Bracket 3
 1. Haleema is paid $125 000.00/year to manage a large department store. How much income tax does she pay?

Step 1: Calculate how much of her earnings fall into the third bracket:
third tax bracket earnings =$125 000.00 - $43 561.00 - $43 562.00
= $37 877.00

Step 2: Calculate how much income tax is paid in each bracket.
Income tax = first bracket tax + second bracket tax + third bracket tax
=(tax rate × first bracket pay) + (tax rate × second bracket pay)
 + (tax rate × third bracket pay)
= (25% × $43 561.00) + (32% × $43 562.00)
 + (36% × $37 877.00)
= (0.25× $43 561.00) + (0.32 × $43 562.00)
 + (0.36 × $37 877.00)
= $10 890.25 + $13 939.84 + $13 635.72
= $38 465.81

Haleema pays $38 465.81 in income tax.