

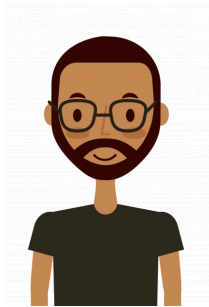
CALCULATE: Your Salary, State, and Taxes

Find out how your salary and location will impact the taxes you pay.

Part I: Salary and Federal Taxes

Meet Marcel

- **Age:** 23
- **Job:** Teller at City Center Bank
- **Filing status:** Single, no dependents
- **Annual income:** \$35,000



Meet Stephanie

- **Age:** 28
- **Job:** Assistant Manager at City Center Bank
- **Filing status:** Single, no dependents
- **Annual income:** \$75,000



1. Use [Nerdwallet's Federal Income Tax Calculator](#) to calculate how much Marcel and Stephanie each pay in federal taxes.
 - a. Note: Assume they both took the standard deduction and did not withhold any taxes. Leave all the values under "Advanced" as \$0.

	Marcel	Stephanie
Federal taxes owed		
Taxable income		
Effective tax rate		

2. Why are Marcel's and Stephanie's taxable incomes less than their annual salaries?
3. Who pays a higher effective tax rate? Why?

Part II: State Income Tax

4. Use [eFile's State Income Tax Calculator](#) to calculate how much Marcel and Stephanie each pay in state income taxes if they lived in California versus Oregon.
- Enter their gross annual income to the *Enter est. Annual State Income* box. All other fields can be left blank or ignored.
 - Review the *Est. Annual State Income Taxes* value

		Marcel	Stephanie
California	CA state income taxes		
	CA effective tax rate Formula: $\frac{\text{state income tax}}{\text{gross annual income}} \cdot 100$		
Oregon	OR state income taxes		
	OR effective tax rate Formula: $\frac{\text{state income tax}}{\text{gross annual income}} \cdot 100$		

5. Which term best describes California and Oregon's state income taxes? (*circle one*)
- Progressive*: High-income earners pay a higher tax rate than low-income earners
 - Regressive*: Low-income earners pay a higher tax rate than high-income earners
 - Proportional*: High- and low- income earners pay the same tax rate
6. Who do you think would be more impacted by moving from California to Oregon: Marcel or Stephanie? Why? Assume their salaries stay the same.

Part III: Sales Tax

7. Compare how much Marcel and Stephanie would pay in sales tax, using the [TaxJar Sales Tax Calculator](#).

		Marcel	Stephanie
Salary		\$35,000	\$75,000
Annual spending on items subject to sales tax		\$16,000	\$20,000
San Francisco, CA (94115)	Total sales tax rate		
	Total sales tax paid		
	Percentage of salary		
Portland, OR (97035)	Total sales tax rate		
	Total sales tax paid		

8. Compare Marcel and Stephanie's sales tax in California.
- Who spent a higher **dollar amount** on sales tax?
 - Who spent a higher **percentage of their salary** in sales tax?
9. Sales taxes are generally considered regressive. Based on this example, why might that be the case?

Part IV: Reflection

10. How much would state and local tax rates impact your decision about where to live? Why?

11. Imagine you are a policymaker tasked with creating a fair tax system. How would you balance these methods of collecting taxes? You can have:
 - a. Income taxes: based on what people earn
 - b. Sales taxes: based on how much people spend
 - c. Variation in tax rates by location