

**Lesson Description**

Students will investigate a grocery receipt and learn that some items are non-taxable and some are taxable. The students will calculate the sales tax and total amount owed on two receipts, one of which has non-taxable items.

Students will then analyze a paycheck stub, at which time they will learn about deductions, gross pay and net income. They will calculate a basic income tax deduction using a table from the Internal Revenue Service; calculate Social Security tax and Medicare tax using the standard percentage; and calculate other deductions to find the net income. Finally, the students will play a game to practice calculating sales tax and payroll tax.

**Texas Essential Knowledge and Skills (Target standards)**

- **PFL Math 7.13A:** Calculate the sales tax for a given purchase and calculate income tax for earned wages

**Texas Essential Knowledge and Skills (Prerequisite standards)**

- **Math 7.1:** Mathematical Process Standards
- **Math 7.3A:** add, subtract, multiply, and divide rational numbers fluently
- **Math 7.3B:** apply and extend previous understandings of operations to solve problems using addition, subtraction, multiplication, and division of rational numbers
- **Math 7.4D:** solve problems involving ratios, rates, and percents, including multi-step problems involving percent increase and percent decrease, and financial literacy problems

**National Standards (Supporting standards)**

- **CEE Earning Income 8.11:** Social Security is a government program that taxes the income of current workers to provide retirement, disability, and survivor benefits for workers or their dependents.

CEE - Council for Economic Education

CCSS - Common Core State Standards

- **CCSS Math:** Standards for Mathematical Practices
- **CCSS Math 7.RP:** Use proportional relationships to solve percent problems
- **CCSS Math 7.NS:** Apply properties of operations as strategies to multiply and divide rational numbers
- **CCSS Math 7.NS:** Solve real-world and mathematical problems involving the four operations with rational numbers

**PFL Terms**

- Sales tax
- Income tax
- Gross income
- Net income

**Time Required**

Three 45-minute class periods

**Materials Required**

- One copy of **Visual 7.1-1, 7.1-2, 7.1-3, 7.1-4, 7.1-5**
- One copy of **Activity 7.1-1** for each student
- One copy of **Activity 7.1-2** for each student and one for a visual

- One copy of **Activity 7.1-3** for each student
- One copy of **Activity 7.1-4a** for each student
- One copy of **Activity 7.1-4b** for teacher
- One calculator per student (optional)

## Procedure

### Engage

1. Ask: *Have you ever paid taxes? Why do people pay taxes? (Sample answer: Taxes are used to pay for government agencies and services such as police and highways. In Texas most items that consumers purchase have a sales tax.)* Then tell students that with this lesson, they will learn about two types of taxes: sales tax and payroll tax.

### Explore

2. Display **Visual 7.1-1**. Tell students that Mrs. Hawkins went to the grocery store to buy a few items for the weekend. Shown is the grocery receipt Mrs. Hawkins received after making her purchases. Guide the students in understanding the sales receipt using the steps below.
  - a. Ask: *What information is provided on the receipt? (Name of grocery store is My Grocery, address of store, date of purchase, time of visit, items purchased, cost of each item, sales tax charged, total cost, cash tender, balance due, number of items sold.)* Explain that receipts document the transaction type such as credit, debit or cash. "CASH TENDER" is the amount of money paid to the cashier. It also indicates that the transaction type was cash. "Change Due" is the change or the amount of money due back to the customer.
  - b. Say: *Look at the items labeled "F" on the receipt. What general term would describe these products? (All items labeled "F" are food items.)* Explain that most food items in a grocery store require preparation and are therefore non-taxable. Taxable food items include things like snacks and sodas.
  - c. Ask students to look at items labeled "T". *What do you notice about these items? (All of these items are non-food items except for the chips.) What do you think the "T" represents? ("T" identifies items that are taxable.) Why do you think the chips were taxed? (Sample responses: It is a snack. It is a food that is already prepared.)*

### Explain

3. Display **Visual 7.1-2**. Discuss with students the definition of sales tax, the rate of tax in Texas and local communities, and how the money is used. Ask students if they can think of other ways the money from sales taxes might be used. *Answers will vary.*
  - A sales tax for the sale of certain goods and services is collected by the seller and given to the government.
  - In Texas, the state sales tax is 6.25%; however, government agencies, such as cities and counties, can add additional taxes to the state amount up to a total of 8.25%.
  - Sales tax is used by the government for public services and programs such as:
 

Police	Fire fighters
Libraries	Hospitals
Prisons	Highways
Public transportation	

- Explore**
4. Display **Visual 7.1-1** again. Continue guiding the students in understanding the sales receipt using the steps below.
    - a. Instruct students to total the prices for all of the non-taxable items. These are the items labeled “F”. **(\$22.85)** Instruct students to total the prices for all of the taxable items. These are the items labeled “T”. **(\$21.83)**
    - b. Explain that the sales tax for this receipt was 8.25%. Have students multiply 8.25% times the taxable total and round to the nearest cent. **( $0.0825 \times \$21.83 = \$1.80$ )**
    - c. Ask: *How is the total calculated for this bill? (Add the total for the prices for all of the food items plus the total for the prices of all the taxable items and the tax.)* Have the students make these calculations and compare their sums to the total on the receipt. **(The amounts should be the same.)**
- Elaborate**
5. Distribute a copy of **Activity 7.1-1** to each student and display **Visual 7.1-3**. Ask a student to read about Ms. Avery. Point out that **Activity 7.1-1** show Ms. Avery’s receipts. Read and explain the directions. Then have students work independently or in pairs to determine the missing values on the receipts.
  6. Once students have completed the worksheet, allow students to share their results and explain their rationale for their calculations. **(Sample response: For Dandy Discount, I totaled the taxable items. Then I multiplied this total times 0.0825 to determine the tax. Then I added the prices of the taxable items and the food items plus the tax to calculate the total.)** Use **Key 7.1-2** as a guide.
- Evaluate**
7. In pairs, have the students describe the difference between the receipts. **(The grocery receipt distinguishes between taxable and non-taxable while the department store does not. The department store receipt has a subtotal since all items are taxed and the grocery store does not. Dandy Discount was paid with cash and Modern Fashions was paid with a debit card.)**
  8. Ask students why Modern Fashions does not label each item with a “T” or an “F”? **(Modern Fashions does not sell food items. Therefore all of their items are taxable.)**
- Engage**
9. Display **Visual 7.1-4**. Tell students that to be able to buy items, they must have a source of income. Julia is in a high school program that allows her to work half a day and go to school half a day. Her first week, she worked 22 hours at \$9.75 an hour at a local daycare. How much did she earn? **(\$9.75 x 22 = \$214.50)** Julia will deposit \$100 from each pay check in her college savings account. She plans to spend the remainder of her first pay check to purchase a \$99 camera. However, when Julia received her paycheck, she was surprised at the amount of her check.
  10. Display **Visual 7.1-5**. Use this visual to explain the difference between gross pay and net income and to discuss the taxes that are deducted from earnings.
  11. Display **Visual 7.1-4** again. Tell students that both Julia’s paycheck and pay stub are displayed. Guide the students in understanding the paycheck stub using the following

steps.

- a. *What is Julia's gross pay? (\$214.50)* Explain that this is the amount Julia earned.
- b. *What is Julia's net pay? (\$180.81)* Explain that this is the amount Julia is going to receive after deductions are made.
- c. *What happened to the rest of her pay? (Part of the paycheck went to pay income tax, Social Security tax, and Medicare tax.)*
- d. *What was the total amount for deductions? (\$33.69)*
- e. *How much will Julia deposit into her college savings? (\$100)*
- f. *Will Julia be able to purchase the camera? (No. If she deposits \$100 into her college savings account, she will only have \$80.81.)*
- g. *Why was the check less than what she expected? (She forgot to consider the taxes that she had to pay.)*

### Explore

12. Distribute a copy of **Activity 7.1.2** to each student and display as a visual. Explain to students that income tax is a tax on money people earn (income) which is paid to the government. Our personal income tax is a progressive tax. That means that the more a person earns the higher the tax rate is. The table in **Activity 7.1-2** shows that income tax is a progressive tax. As the amount of income increases, the percent of tax increases.
13. Explain that the amount that will be withheld from an individual's paycheck for federal income taxes is calculated differently based on the individual's financial circumstances. For example, a single parent with 4 children has more allowances or tax breaks than a single person with no children earning the same wages. Some employees are paid weekly, others biweekly, others semi-monthly and some monthly. All of these factors and more are considered when calculating the federal income tax to withhold. In addition, the tables and formulas to calculate income taxes differ from year to year. For our purpose, we will only consider a high school student working part-time. The point of this lesson is to help you, as a student, understand your paycheck and to gain understanding on how to read a tax table. Most high school students, even though they might work part-time, are still dependents of their parents. The calculations we will use are based on the understanding that the employee is living at home and dependent on the parent(s) for food and shelter. Instruct students to complete column 2 on **Activity 7.1-2** as the teacher models. Use the explanation in column 1 of **Activity 7.1-2** or **Key 7.1-2** to guide the students. Then have the students complete column 3 independently or in pairs. Use the key provided to go over the answers.

### Elaborate

14. Distribute a copy of **Activity 7.1-3** to each student. Ask a student to read the problem. *Manuel Ramos is a high school senior who has a part-time job that pays \$10.75 an hour. During a one week period he worked 30 hours. Income tax, Social Security tax of 6.2% of his income, and Medicare tax of 1.45% of his income are deducted from each paycheck.*

15. Have the students answer the questions and use the answers to fill in the paycheck stub and then write the check for Manuel's employer.
16. Display Activity **7.1-3**. Have different students explain 1-6. Use **Key 7.1-3** to guide. As calculations are explained by the students, the teacher should fill in the paycheck stub.

**Evaluate**

17. Prepare **Activity 7.1-4b** prior to game by cutting out squares and placing them in a bag or box. Distribute a copy of **Activity 7.1-4a** and calculator (optional) to each student. Have students take out a sheet of paper for scratch work and a pencil. Tell students to randomly place nine of the answers listed at the top of the page in the squares on the table.
18. Tell students you are going to draw a tax problem from a bag. They should listen carefully as you read the tax problem. They are then to calculate the answer to the question that is read to them. If that answer is on their TIC TAC Pay the TAX board, they will mark the square with an "X". This game is similar to TIC TAC TOE and can be "won" by getting three "X's" in a row. (For a greater challenge, keep playing till someone has an "X" in each of their nine squares.

**Evaluate/End**

19. For closure, pose the questions below.
  - a. What is the difference between paying sales tax and paying income tax? (**Sample response: The sales tax is paid when purchasing goods and services. The income tax is paid by deducting the tax when income is earned.**)
  - b. How is sales tax calculated? (**Multiply the sales tax rate times the total price of the taxable items or cost of service.**)
  - c. How is income tax calculated? (**Income tax is calculated differently for each employee depending on many factors. A tax table is used. Your employer will make these calculations for you.**)

## Visual 7.1-1

My Grocery		
1234 Main Street		
Anytown, TX		
03/14/12 11:38 a.m.		
CHIPS	2.98	T
CLOTHES DETERGENT	14.99	T
MUFFINS	2.89	F
LETTUCE	1.47	F
PAPER TOWELS	1.39	T
BREAD	2.79	F
EGGS	1.98	F
PEANUT BUTTER	3.37	F
GRAPE JELLY	1.59	F
MILK	3.58	F
DISHWASHING SOAP	2.47	T
TUNA FISH PKG	1.59	F
PEANUT BUTTER	3.59	F
SALES TAX	1.80	
TOTAL	46.48	
CASH TENDER	60.00	
CHANGE	13.52	
NUMBER OF ITEMS SOLD =	13	
THANK YOU FOR SHOPPING WITH US.		

**Visual 7.1-2**

Name \_\_\_\_\_

Class Period \_\_\_\_\_

### Sales Tax

- A sales tax for the sale of certain goods and services is collected by the seller from the consumer and paid to the government.
- In Texas, the state sales tax is 6.25%; however, local governments, such as cities and counties, can add additional taxes to the state amount up to a total of 8.25%.
- Sales tax is used by the government for public services and programs such as:

Police	Fire fighters
Libraries	Hospitals
Prisons	Highways

**Visual 7.1-3**

Name \_\_\_\_\_

Class Period \_\_\_\_\_

### Ms. Avery Goes Shopping

One day Ms. Avery went shopping. Her first trip was to the department store to buy some spring clothes. When she finished buying the clothes, she stopped at the grocery store to buy food and some other items. It started raining when she arrived at her home. As she carried her purchases into her house, her receipts got wet. Some of the amounts were washed out. She remembered she paid for her clothes with her debit card and paid for the groceries with \$40 in cash.





**Activity 7.1-1**

Name \_\_\_\_\_ Class Period \_\_\_\_\_

Directions: Help Mrs. Avery find the missing amounts on her receipts. Then answer the question below the table.

Dandy Discount			
5555 First Street			
Somewhere, TX			
04/05/12 1:14p.m.			
Tea	3.28	F	
Milk	3.59	F	
Notebook paper	1.65	T	
Magazine	5.59	T	
AA Batteries	7.49	T	
Frozen vegetables	.99	F	
Snack pack pudding	2.50	F	
Box of tissue	1.59	F	
Orange juice	3.58	F	
Cereal	4.79	F	
Candy bar	1.29	T	
SALES TAX (8.25%)			_____
TOTAL			_____
CASH TENDER	40.00		
CHANGE			_____
NUMBER OF ITEMS SOLD			_____
THANK YOU FOR SHOPPING WITH US.			

Modern Fashions	
05/01/13	
63940 Market Ave.	
Styleton, TX	
Polo shirt	23.99
Jeans	18.99
Belt	12.59
Khaki shorts	24.99
White shirt	16.99
Sales tax (8.25%)	
Total	
Debit	
Change	0
Best buys for your money!	

What are the differences between the two receipts? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Key 7.1-1**

Name \_\_\_\_\_

Class Period \_\_\_\_\_

Directions: Help Mrs. Avery find the missing amounts on her receipts. Then answer the question below the table.

Dandy Discount			
5555 First Street			
Somewhere, TX			
04/05/12 1:14p.m.			
Tea	3.28	F	
Milk	3.59	F	
Notebook paper	1.65	T	
Magazine	5.59	T	
AA Batteries	7.49	T	
Frozen vegetables	.99	F	
Snack pack pudding	2.50	F	
Box of tissue	1.59	F	
Orange juice	3.58	F	
Cereal	4.79	F	
Candy bar	1.29	T	
SALES TAX (8.25%)	1.32		
TOTAL	37.67		
CASH TENDER	40.00		
CHANGE	2.33		
NUMBER OF ITEMS SOLD	11		
THANK YOU FOR SHOPPING WITH US.			

Modern Fashions	
05/01/13	
63940 Market Ave.	
Styleton, TX	
Polo shirt	23.99
Jeans	18.99
Belt	12.59
Khaki shorts	24.99
White shirt	16.99
Subtotal	97.55
Sales tax (8.25%)	8.05
Total	105.60
Debit	105.60
Best buys for your money!	

What are the differences between the two receipts? (Sample responses: The grocery receipt distinguishes between taxable and non-taxable and the department store does not. The department store receipt has a subtotal since all items are taxed and the grocery store does not. Dandy Discount was paid with cash and Modern Fashions was paid with a debit card.)

## Visual 7.1-4

## What happened to Julia's earnings?

Julia is in a high school program that allows her to work half a day and go to school half a day. Her first week, she worked 22 hours at \$9.75 an hour for a local daycare. How much did she earn?

Unreal Corporations		Check No.	1234
Payroll Account		Date:	November 15, 2013
Pay to the order of:		Julia Sparkle	\$180.81
One hundred eighty and 81/100 Dollars			
First Corner Bank Anytown, USA			
Memo: Payroll		Curtis Void	
Detach below before depositing. Save for your records.			
Employee: Julia Sparkle  Pay Period: 11/08/2013 to 11/14/2013	Gross Pay		\$214.50
	Deductions		
	Federal Income Tax	\$17.28	
	Social Security	\$13.30	
	Medicare/Medicaid	\$3.11	
	Total Deductions		\$33.69
	Net Pay		\$180.81

Julia will deposit \$100 from each pay check in her college savings account. She plans to spend the remainder of her first pay check to purchase buy a \$99 camera. However, when Julia received her paycheck, she was surprised at the amount of her check. *Why was the check less than what she expected?*

## Visual 7.1-5

### Understanding Your Paycheck

**Gross Pay** is the amount earned before taxes and deductions are subtracted or withheld.

**Net Income** is calculated by starting with the gross pay on a paycheck and then subtracting deductions. Deductions include taxes paid to the government, such as Social Security tax, Medicare tax and Income tax and optional deductions including health insurance premiums, donations to charity, and money set aside for savings.

### Types of Taxes Withheld from Earnings

- a. **Income tax** – money paid to the federal government based on income earned
- b. **Social security tax** – this tax will provide retirement, disability, and survivor benefits for workers or their dependents
- c. **Medicare tax** – helps pay for many medical services for people 65 years or older



**Activity 7.1-2**

Name \_\_\_\_\_

Class Period \_\_\_\_\_

## Percentage Method Tables for Income Tax Withholding for Weekly Pay Period

(For Wages Paid in 2013)

**(a) SINGLE person** (including head of household)—

If the amount of wages (after subtracting withholding allowances) is: The amount of income tax to withhold is:

Not over \$42 . . . . .		\$0	
<b>Over—</b>	<b>But not over—</b>		<b>of excess over—</b>
\$42	—\$214 . .	\$0.00 plus 10%	—\$42
\$214	—\$739 . .	\$17.20 plus 15%	—\$214
\$739	—\$1,732 . .	\$95.95 plus 25%	—\$739
\$1,732	—\$3,566 . .	\$344.20 plus 28%	—\$1,732
\$3,566	—\$7,703 . .	\$857.72 plus 33%	—\$3,566
\$7,703	—\$7,735 . .	\$2,222.93 plus 35%	—\$7,703
\$7,735 . . . . .		\$2,234.13 plus 39.6%	—\$7,735

Source: Notice 1036 (Rev. January 2013, Department of the Treasury, Internal Revenue Service.)

	<b>Steps:</b>	<b>Example:</b>	<b>Your Problem:</b>
<b>Step 1:</b>	Determine the correct table to use based on individual basis.	The table for this situation is for a single person, who gets paid weekly in 2013.	The table for this situation is for a single person, who gets paid weekly in 2013.
<b>Step 2:</b>	Determine your gross weekly pay.	15 hours at \$9.00 per hour	22 hours at \$10 per hour
<b>Step 3:</b>	Find the row that contains the range for the gross income in the table.		
<b>Step 4:</b>	Use corresponding row to find “of excess over—” amount. This is the number under the heading “of excess over—”		
<b>Step 5:</b>	Subtract the number in step 4 from your weekly pay.		
<b>Step 6:</b>	Find the formula in the middle column of the corresponding row and Calculate the withholding tax.		

## Key 7.1-2

Name \_\_\_\_\_

Class Period \_\_\_\_\_

## Percentage Method Tables for Income Tax Withholding for Weekly Pay Period

(For Wages Paid in 2013)

**(a) SINGLE person** (including head of household)—

If the amount of wages (after subtracting withholding allowances) is:

Not over \$42 . . . . . \$0

<b>Over—</b>	<b>But not over—</b>	<b>of excess over—</b>
\$42	—\$214 . .	\$0.00 plus 10% —\$42
\$214	—\$739 . .	\$17.20 plus 15% —\$214
\$739	—\$1,732 . .	\$95.95 plus 25% —\$739
\$1,732	—\$3,566 . .	\$344.20 plus 28% —\$1,732
\$3,566	—\$7,703 . .	\$857.72 plus 33% —\$3,566
\$7,703	—\$7,735 . .	\$2,222.93 plus 35% —\$7,703
\$7,735 . . . . .	\$2,234.13 plus 39.6%	—\$7,735

Source: Notice 1036 (Rev. January 2013, Department of the Treasury, Internal Revenue Service.)

	<b>Steps:</b>	<b>Example:</b>	<b>Your Problem:</b>
<b>Step 1:</b>	Determine the correct table to use based on individual basis.	The table for this situation is for a single person, who gets paid weekly in 2013.	The table for this situation is for a single person, who gets paid weekly in 2013.
<b>Step 2:</b>	Determine your gross weekly pay.	15 hours at \$9.00 per hour <b>15 x \$9.00 = \$135</b>	22 hours at \$10 per hour <b>22 x 10 = \$220</b>
<b>Step 3:</b>	Find the row that contains the range for the gross income in the table.	<b>Row 1: Since \$135 is over \$42, but not over \$214</b>	<b>Row 2: Since \$220 is over \$214, but not over \$739</b>
<b>Step 4:</b>	Use corresponding row to find “of excess over—” amount. This is the number under the heading “of excess over—”	<b>\$42</b>	<b>\$214</b>
<b>Step 5:</b>	Subtract the number in step 4 from your weekly pay.	<b>\$135 – \$42 = \$93</b>	<b>\$220 - \$214 = \$6</b>
<b>Step 6:</b>	Find the formula in the middle column of the corresponding row and Calculate the withholding tax.	<b>\$0.00 plus 10%</b> <b>\$0.00 + .10 x \$93 = \$9.30</b>	<b>\$17.20 plus 15%</b> <b>\$17.20 + .15 x \$6 = \$18.10</b>

**Activity 7.1-3**

Name \_\_\_\_\_ Class Period \_\_\_\_\_

Manuel Ramos is a high school senior who has a part-time job that pays \$10.75 an hour. During a one week period he worked 30 hours. Income tax, Social Security tax, and Medicare tax are deducted from each paycheck. Fill in the paycheck and check stub below for his employer.

**Directions:** Use the following questions to complete the check stub for Manuel. Round all answers to the nearest cent.

1. What was Manuel's gross income for the one week? \_\_\_\_\_
2. Use the income tax table from **Activity 7.1-2** to calculate Manuel's income tax.  
\_\_\_\_\_
3. Calculate the Social Security tax at 6.2% of Manuel's gross pay. \_\_\_\_\_
4. Calculate the Medicare tax at 1.45% of Manuel's gross pay. \_\_\_\_\_
5. What are Manuel's total deductions? \_\_\_\_\_
6. How much is Manuel's net pay? \_\_\_\_\_

7. Complete the check stub and write the check to Manuel Ramos for his net pay.

Unreal Corporations Payroll Account	Check No. <u>5555</u> Date: _____		
Pay to the order of: _____			
First Corner Bank Anytown, USA			
Memo: <u>Payroll</u> _____ <u>Vladity Notworthy</u>			
----- Detach below before depositing. Save for your records.			
Employee: Manuel Ramos	Gross Earnings	_____	_____
Pay Period: 07/08/2013 to 07/14/2013	Deductions:	_____	_____
	Federal Income Tax	_____	_____
	Social Security Tax	_____	_____
	Medicare Tax	_____	_____
	Total deductions	_____	_____
	Net Pay	_____	_____



**Key 7.1-3**

Name \_\_\_\_\_ Class Period \_\_\_\_\_

Manuel Ramos is a high school senior who has a part-time job that pays \$10.75 an hour. During a one week period he worked 30 hours. Income tax, Social Security tax, and Medicare tax are deducted from each paycheck. Fill in the paycheck and check stub below for his employer.

**Directions: Use the following questions to complete the check stub for Manuel. Round all answers to the nearest cent.**

1. What was Manuel's gross income for one week?  $\$10.75 \times 30 = \$322.50$
2. Use the income tax table from **Activity 7.1-4** to calculate Manuel's income tax.  $\$322.50 - \$214 = \$108.50$ ;  $\$17.20 + (0.15 \times \$108.50) = \$33.475$  which rounds to  $\$33.48$ .
3. Calculate the Social Security tax at 6.2% of Manuel's gross pay.  $0.062 \times \$322.50 = \$19.995$  which rounds to  $\$20.00$ .
4. Calculate the Medicare tax at 1.45% of Manuel's gross pay.  $0.0145 \times \$322.50 = \$4.67625$  which rounds to  $\$4.68$ .
5. What are Manuel's total deductions? Income tax + Social Security tax + Medicare tax =  $\$33.48 + \$20.00 + \$4.68 = \$58.16$
6. How much is Manuel's net pay?  $\$322.50 - \$58.16 = \$264.34$

7. Complete the check stub and write the check to Manuel Ramos for his net pay.

Unreal Corporations Payroll Account	Check No. <u>5555</u>	
	Date: <u>July 15, 2013</u>	
Pay to the order of: <u>Manuel Ramos</u>	<u>\$264.34</u>	
Two hundred sixty-four 34/100	Dollars	
First Corner Bank Anytown, USA		
Memo: <u>Payroll</u>	<u>Vlavity Notworthy</u>	
----- Detach below before depositing. Save for your records.		
Employee: Manuel Ramos  Pay Period: 07/08/2013 to 07/14/2013	Gross Earnings	\$322.50
	Deductions:	
	Federal Income Tax	\$33.48
	Social Security Tax	\$20.00
	Medicare Tax	\$4.68
	Total deductions	\$58.16
	Net Pay	\$264.34

**Activity 7.1-4a**

Name \_\_\_\_\_

Class Period \_\_\_\_\_

**Directions:** Select nine of the numbers from the list below to put randomly in the squares on the TIC TAC Pay the TAX board. Work the problems as your teacher reads them. If you have the answer, then draw an "X" through the square with that number.

- |        |         |        |         |         |         |
|--------|---------|--------|---------|---------|---------|
| \$0.49 | \$1.62  | \$1.94 | \$7.25  | \$26.66 | \$19.43 |
| \$0.84 | \$17.99 | \$5.99 | \$31.62 | \$22.32 | \$5.58  |
| \$1.02 | \$49.85 | \$9.10 | \$18.75 | \$5.37  | \$6.61  |

TIC TAC Pay the TAX


**Activity 7.1-4b****TIC TAC Pay the TAX Cards**

Cut the following problems apart, fold them and put them in a bag to be drawn out for the TIC TAC Pay the TAX game. The answer is in parenthesis after the problem.

<p>Alex purchased a hamburger combo advertised at \$5.99. If the sales tax is 8.25%, how much tax will he pay? (\$0.49)</p>	<p>Alexis purchased a new music CD for \$11.99. If the sales tax rate is 7%, how much did she pay in sales tax? (\$0.84)</p>	<p>Jane worked for 10 hours on the weekend. She was paid \$7.00 per hour. How much Medicare tax was withheld from her paycheck if the tax rate is 1.45%? (\$1.02)</p>
<p>While visiting his grandmother, Lex ruined his jeans and had to purchase new ones. He paid \$24.99 for the jeans. If the sales tax is 6.5%, how much sales tax did Lex pay? (\$1.62)</p>	<p>Huyen went to the grocery store for her mother to buy milk, butter, bread, and cereal. Her bill was \$17.99. If the sales tax rate is 8.25%, how much did she pay at the checkout, including tax? (Food is not taxable. \$17.99)</p>	<p>A social worker's weekly wage is \$804. How much Social Security tax was withheld from her check if the tax rate is 6.2% (\$49.85)</p>
<p>Jess needs a backpack for his hiking trip. The backpack cost \$24.99. The tax rate in his town of La Porte, TX is 7.75%. How much sales tax did Jess pay? (\$1.94)</p>	<p>Ronnie purchased a bag of apples for \$5.99. If the tax rate is 8.25%, how much did he pay at the checkout? (Food is not taxable. His bill was \$5.99)</p>	<p>Maria received a new camera for her birthday. Her parents paid \$129.99 for the camera plus 7% tax. How much sales tax did her parents pay? (\$9.10)</p>

<p>Beverly worked as a part time librarian. Last week she earned \$500.00. How much Medicare tax was withheld from her paycheck if the tax rate is 1.45%? (\$7.25)</p>	<p>Alma is a hairdresser. This week she earned \$510. How much Social Security tax was withheld from her check if the tax rate is 6.2% (\$31.62)</p>	<p>Lisa saved to purchase a new iPad. The iPad costs \$300. If she has to pay 6.25% sales tax, how much more money does she need to pay the tax? (18.75)</p>
<p>Yao worked as a photographer. Last weekend he earned \$430 taking pictures of a party. How much Social Security tax was withheld from his check if the tax rate is 6.2% (\$26.66)</p>	<p>Kate worked at the day care center. She worked 40 hours last week and earned \$9 an hour. How much Social Security tax was withheld from her check if the tax rate is 6.2% (\$22.32)</p>	<p>At the grocery store, Tamalia purchased 3 bell peppers at \$1.25 each and a roll of paper towels for \$1.50. If the tax rate is 8.25%, what was her total bill? (\$5.37)</p>
<p>Nathan bought a new DVD at the electronics store. It cost \$17.99. If the sales tax rate is 8%, what is his total bill? (\$19.43)</p>	<p>Gary worked at a fast food place for \$9.00 per hour. Last weekend he worked 10 hours. How much social security will be deducted from his paycheck, if the rate is 6.2%? (\$5.58)</p>	<p>At the grocery store, Harry purchased 1 loaf of bread for \$1.99 and a box of garbage bags for \$4.29. If the tax rate is 7.75%, what was his total bill? (\$6.61)</p>