

WORKSHEET# 2: Answer Key

## Tax Brackets: Before and After

Before Proposed Tax Cut	After Proposed Tax Cut
<b>Taxable income: \$0-\$6,000</b>	
Tax rate: 15%	Tax rate: 10%
Tax liability:	Tax liability:
<b>Taxable income: \$6,000–\$27,950 (no change in this bracket)</b>	
Tax rate: 15%	
Tax liability:	
<b>Taxable income: \$27,950–\$67,700</b>	
Tax rate: 27%	Tax rate: 24%
Tax liability:	Tax liability:
<b>Taxable income: \$67,700–\$141,250</b>	
Tax rate: 30%	Tax rate: 27%
Tax liability:	Tax liability:
<b>Taxable income: \$141,250–\$307,050</b>	
Tax rate: 35%	Tax rate: 32%
Tax liability:	Tax liability:
<b>Taxable income: \$307,050 and up</b>	
Tax rate: 38.6%	Tax rate: 35%
Tax liability:	Tax liability:

Assumption: single taxpayer.

**Data from following sources:**

- 1.) “*Tax Brackets—2002 Taxable Income*” found at: <http://www.infoplease.com/ipa/A0106989.html>
- 2.) :FEELING THE TAX CUT May 28, 2001 found at [http://www.pbs.org/newshour/bb/economy/jan-june01/taxcutfx\\_05-28.html](http://www.pbs.org/newshour/bb/economy/jan-june01/taxcutfx_05-28.html)
- 3.) *Tax Table 2002* <http://www.irs.gov/pub/irs-pdf/i1040tt.pdf>