

5.1 Exercises

State Income Tax In Exercises 1–4, determine how much state income tax the person owes. (See Example 1.)

1. A person who lives in Indiana has a taxable income of \$49,000.

7. State Taxable Income Subtract line 6 from line 5 _____	7		.00
8. State income tax: multiply line 7 by 3.4% (.034) (if answer is less than zero, leave blank) _____	8		.00

2. A person who lives in Indiana has a taxable income of \$2,500,000.

7. State Taxable Income Subtract line 6 from line 5 _____	7		.00
8. State income tax: multiply line 7 by 3.4% (.034) (if answer is less than zero, leave blank) _____	8		.00

3. A person who lives in Michigan has a taxable income of \$25,000.

16. Taxable income. Subtract line 15 from line 14. If line 15 is greater than line 14, enter "0"	16.		.00
17. Tax. Multiply line 16 by 4.35% (0.0435)	17.		.00

4. A person who lives in Michigan has a taxable income of \$60,000.

16. Taxable income. Subtract line 15 from line 14. If line 15 is greater than line 14, enter "0"	16.		.00
17. Tax. Multiply line 16 by 4.35% (0.0435)	17.		.00

Taxable Income In Exercises 5–8, use the Internet to determine whether the income is taxable by the federal government. (See Example 2.)

- 5. \$100 gift card you receive from your parents
- 6. \$2000 per year scholarship you receive for college tuition
- 7. \$250 bonus you receive from your employer
- 8. \$5000 prize you receive from a game show

