

## Income Tax

1. For each person, find their **taxable income**: (Taxable income = Gross income – Deductions)

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| a. Gross income: \$45,000<br>Deductions: \$500   | Deductions: \$3,200                              |
| b. Gross income: \$39,800<br>Deductions: \$1,200 | d. Gross income: \$27,500<br>Deductions: \$0     |
| c. Gross income: \$66,000                        | e. Gross income: \$88,000<br>Deductions: \$1,500 |

2. For each person, calculate their **net income**: (Net income = Gross income – Tax paid)

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|--|--|
| a. Gross income: \$52,000<br>Tax paid: \$7,200 | c. Gross income: \$61,000<br>Tax paid: \$8,000 |
| b. Gross income: \$39,800<br>Tax paid: \$4,050 | d. Gross income: \$33,000<br>Tax paid: \$3,250 |

3. Decide whether the following items are likely to be **work-related deductions**:

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|--|---|
| a. A hammer for a carpenter                        | d. Coffee from a café near your workplace |
| b. A hammer for a mathematics teacher              | e. Fuel for a delivery driver             |
| c. A laptop used only for freelance graphic design | f. Steel cap boots for a tradesperson     |

4. Identify the **tax bracket** for each person based on their **taxable income**:

### Tax Brackets for 2025/26 Financial Year

Tax Bracket	Taxable income	Tax on this income
1	0 – \$18,200	Nil
2	\$18,201 – \$45,000	$(TaxableIncome - 18,200) \times 0.16$
3	\$45,001 – \$135,000	$(TaxableIncome - 45,000) \times 0.3 + 4,288$
4	\$135,001 – \$190,000	$(TaxableIncome - 135,000) \times 0.37 + 31,288$
5	\$190,001 and over	$(TaxableIncome - 190,000) \times 0.45 + 51,638$

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|------------------------------|------------------------------|
| a. Taxable income: \$17,000  | d. Taxable income: \$28,000  |
| b. Taxable income: \$144,000 | e. Taxable income: \$12,000  |
| c. Taxable income: \$52,000  | f. Taxable income: \$195,500 |