

Income Tax

1. For each person, calculate their taxable income: (Taxable income = Gross income – Deductions)
 - a. Gross: \$59,200 Deductions: \$3,450
 - b. Gross: \$42,700 Deductions: \$1,900
 - c. Gross: \$136,000 Deductions: \$5,000

2. For each person, calculate their net income: (Net income = Gross income – Tax paid)
 - a. Gross: \$72,000 Tax: \$12,400
 - b. Gross: \$41,200 Tax: \$5,880

3. Identify the correct tax bracket based on 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	$(\text{Taxable Income} - 18,200) \times 0.16$
3	\$45,001 – \$135,000	$(\text{Taxable Income} - 45,000) \times 0.3 + 4,288$
4	\$135,001 – \$190,000	$(\text{Taxable Income} - 135,000) \times 0.37 + 31,288$
5	\$190,001 and over	$(\text{Taxable Income} - 190,000) \times 0.45 + 51,638$

- a. Taxable income: \$39,000
 - b. Taxable income: \$51,400
 - c. Taxable income: \$137,000
 - d. Taxable income: \$27,000
 - e. Taxable income: \$189,000
4. Calculate the amount of tax payable using the tax bracket formulas:
 - a. Taxable income: \$31,000
 - b. Taxable income: \$65,000
 - c. Taxable income: \$49,000
 - d. Taxable income: \$140,000
 - e. Taxable income: \$17,500
 - f. Taxable income: \$191,000
5. Zoe is paying \$140 in tax instalments each week to help with budgeting. Their yearly income is \$49,786 and allowable deductions are \$2,308.
 - (i) Assuming 52 weeks, what is the total Zoe has paid in tax over the year?
 - (ii) Calculate Zoe's taxable income.
 - (iii) Using the tax brackets, calculate the amount of tax Zoe should have paid.
 - (iv) Does Zoe owe the ATO money (a tax bill), or are they due a refund? How much?