

Vol. 2, Chapter 6 – Taxes

Problem 1

1. Non-member
2. Member
3. Non-member
4. Non-member
5. Member
6. Member
7. Non-member

Problem 2

1. Taxes on taxable income of \$500,000.

$$113,900 + .34(165,000) = \$ \underline{170,000}$$

2. Average Tax Rate

$$\frac{\text{Taxes}}{\text{Taxable Income}} = \frac{170,000}{500,000} = \underline{34\%}$$

3. Marginal Tax Rate = 34%