**A tax transparency tool to use for individual clients**

This table accompanies the article, “Transparency for Individual Taxes,” and can be adapted for use by practitioners to help clients better understand their federal and state taxes beyond what shows up on their income tax return.

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| **Tax and base information** | **Amount** | **Rate** | **Additional information** |
| **Taxes on federal and state income tax forms:** | | | |
| Federal income tax | $ | Graduated rates from 10% to 39.6%. See the [tax table](http://www.journalofaccountancy.com/content/dam/jofa/issues/2016/jan/tax-quick-guide-2015.pdf) for your filing status of \_\_\_\_\_\_\_. | Your marginal tax rate (rate at which your next dollar of non-capital gain income will be taxed at) is \_\_\_%.  Your average income tax rate (federal income tax ÷ federal income tax) is \_\_\_%. |
| Income subject to federal income tax (Form 1040, line 43) | $ | This includes wages, interest, dividends, gains, rents, pension distributions, and self-employment income. |
| Qualified dividend income (line 9b and Schedule B) | $ |  | The tax rate for net capital gain income and qualified dividends is 0% (if otherwise taxed at the 10% or 15% rate), 15% (if otherwise taxed below the 39.6% rate), and 20% (if otherwise taxed at the 39.6% rate). |
| Capital gain income (line 13 and Schedule D) | $ |  |
| Kiddie tax (line 44 and Form 8814) | $ |  | If parents chose to report this tax on their return rather than on the child’s return. |
| Alternative minimum tax (AMT) (line 45 and Form 6251) | $ |  | AMT is computed without specified deductions, exemptions, and credits. If “tentative minimum tax” exceeds regular tax, the excess (AMT) is also owed. |
| Self-employment tax (line 57 and Schedule SE) | $ | 12.4% |  |
| Individual shared-responsibility payment (line 61) | $ | — | Owed if anyone in the family did not have health insurance for any month of the year and did not qualify for an exemption. |
| Additional Medicare tax (line 62 and Form 8959) | $ | 0.9% | Owed on excess of wage and self-employment income above $200,000 if unmarried and $250,000 if married. |
| Net investment income tax (line 62 and Form 8960) | $ | 3.8% | Applies to the lesser of (1) net investment income, or (2) the excess of modified adjusted gross income over $200,000 if unmarried or $250,000 if married. |
| Other taxes on Form 1040, if any | $ |  | A few uncommon taxes include household employment tax (see page 2 of Form 1040). |
| Income not subject to federal income tax (exclusions). | $ |  | This includes tax-exempt bond income (line 8b), health insurance paid by your employer, fringe benefits, gain on sale of a principal residence, and perhaps other items. Look at pay stubs to obtain employment-related information. |
| Gross taxes on Form 1040 (from above) | $ |  |  |
| Credits claimed on Form 1040 (several lines on page 2 of Form 1040) | $ |  | Common tax credits include ones for education and energy (see page 2 of Form 1040). |
| State income tax | $ | [provide brief explanation of the state income tax rate structure or tables] | [Consider pointing out significant federal-state differences.] |
| Other states taxes reported on state income tax form. | $ | Some states allow individuals to pay their use tax on the income tax form. | |
| **Taxes not shown on your income tax forms:** | | | |
| Employee share of FICA tax (box 4 of Form W-2) | $ | 6.2% of wages up to $118,500 | Employer matches this amount. |
| Employee share of Medicare tax (box 6 of Form W-2) | $ | 1.45% of all wages | Employer matches this amount. |
| Federal and state gasoline excise tax | $ | 18.4 cents per gallon for federal. See U.S. Energy Information Administration [information](https://www.eia.gov/tools/faqs/faq.cfm?id=10&t=10) for state rates. | |
| Federal and state alcohol and tobacco excise taxes | $ | [Information](http://www.ttb.gov/applications/pdf/tax_and_fee_rate.pdf) from the U.S. Treasury Department’s Alcohol and Tobacco Tax and Trade Bureau can help generate an estimate. Check state resources to estimate the state taxes paid. | |
| Federal air transportation excise tax | $ | Some airlines show this as a separate line item on tickets or invoices although paid directly by the airline. The FAA also has [information](https://www.faa.gov/about/office_org/headquarters_offices/apl/aatf/media/14.1.17excisetaxstructurecalendar2014.pdf) on aviation excise taxes as of January 2014. | |
| Taxes on real property | $ | Look for your property tax bills. Usually this tax is paid twice per year. The amount might be paid by the mortgage lender and be shown on statements from the lender. Other taxes, such as library taxes, might be listed on the bill. The bill might also list nontax items such as sidewalk maintenance. | |
| Taxes on personal property | $ | Many states impose a property tax on motor vehicles, likely paid along with vehicle registration. Business owners, including the self-employed and owners of certain rental property, might also owe on personal property used in these activities. | |
| Sales and use tax | $ | Find the rate for your state and city and calculate based on your estimated taxable purchases for the year. |  |
| Transient occupancy tax | $ | If you rent out any residential property for short periods, you may owe this to your local government. If you stay in hotels, you will see that hotels pass the tax on to you. | |
| Business license tax | $ | Many local governments charge an annual tax to businesses, including self-employed individuals located in the city. | |
| Telecommunications taxes | $ | Review your monthly phone bills. |  |
| Utility and cable taxes | $ | Review your monthly utility bills. |  |
| Other taxes (gift, animal license, bicycle, luxury excise, etc.) at the federal, state, or local levels. | $ | Review the website of your state tax agency and look at invoices you have to search for other possible taxes paid. | |
| **TOTAL** | $ | | |