



UNIT 8 • TAXES • LESSON 8.3

Filing Your Taxes

Today you file your first tax return, federal and California.

Name: _____

Period: _____

Date: _____

Warm-Up • Settle the Tab

All year, your job withheld an **estimate** of your taxes. Filing compares what you *actually owed* to what was *already taken out*. In your own words, what happens if too much was taken out?

Learn It • The Words You Need

W-2: the report each employer sends you by late January: last year's wages & taxes withheld. You *receive* it.

Form 1040: the federal tax return. You *file* it, copying numbers from your W-2.

Form 540 2EZ: California's simple state tax return, filed with the Franchise Tax Board (FTB).

Standard deduction: a flat amount subtracted from your wages before tax is calculated.

Taxable income: wages minus the standard deduction. This is the part that actually gets taxed.

Refund / Owe: withheld more than you owed → refund. Withheld less → you owe the difference.

★ **California Connection:** Californians file *two* returns: federal (IRS) and state (FTB). Both can be free: IRS Free File and CalFile.

Read It · Meet Jordan's W-2

5 pts

Jordan Reyes, a senior in Sacramento, worked part-time at Sunburst Smoothies last year. In late January, this arrived.

FORM W-2 · WAGE AND TAX STATEMENT		TEACHING COPY. NOT A REAL TAX DOCUMENT
c · Employer's name & address SUNBURST SMOOTHIES LLC 1421 J Street, Sacramento, CA 95814	1 · Wages, tips, other compensation \$16,500.00	2 · Federal income tax withheld \$420.00
e · Employee's name & address JORDAN REYES 88 Meadow Lane, Sacramento, CA 95820	3 · Social security wages \$16,500.00	4 · Social security tax withheld \$1,023.00
a · Employee's SSN XXX-XX-1234	5 · Medicare wages and tips \$16,500.00	6 · Medicare tax withheld \$239.25
15 · State / Employer's state ID CA · 123-4567-8	16 · State wages, tips, etc. \$16,500.00	17 · State income tax \$85.00

- How much did Jordan earn in total wages last year? (Box 1) _____ (1 pt)
- How much *federal* income tax was withheld? (Box 2) _____ (1 pt)
- How much *California* income tax was withheld? (Box 17) _____ (1 pt)
- Who sent this form. Jordan, the IRS, or the employer? _____ (1 pt)
- Which form does Jordan *receive*, and which two will Jordan *file*? (1 pt)

 **Brain Check:** Boxes 4 and 6 (Social Security & Medicare) were covered in Lesson 8.2. They're paid as you go and are *not* part of today's settle-up.

File It · Step 1: The Federal Return

10 pts

Use Jordan's W-2 (page 2) and the tax table below. Work top to bottom. Each line feeds the next.

FORM 1040 · U.S. INDIVIDUAL INCOME TAX RETURN		TEACHING VERSION · SINGLE FILER
1	Wages, copy from W-2 Box 1	2 pts
2	Standard deduction (single, teaching value) \$14,000	given
3	Taxable income: Line 1 minus Line 2 (not less than \$0)	2 pts
4	Federal tax owed: find Line 3 in the Federal Teaching Tax Table ↓	2 pts
5	Federal tax already withheld, copy from W-2 Box 2	2 pts
6	Settle up. If Line 5 is bigger: refund = Line 5 – Line 4. If Line 4 is bigger: you owe = Line 4 – Line 5. Circle one: REFUND / OWE	2 pts

FEDERAL TEACHING TAX TABLE, if taxable income is...	
\$0 (no taxable income)	\$0
\$1 – \$2,000	\$190
\$2,001 – \$3,000	\$250
\$3,001 – \$4,000	\$320
\$4,001 – \$5,000	\$400

 **Red Flag alert:** the most common mistake is looking up *Line 1* (gross wages) in the table. The table uses *Line 3*, taxable income. Real tables work the same way.

Simplified for classroom use, real 1040 values and tax tables differ. Filing software does this math for you; today you're doing it by hand so you know what the software is doing.

File It · Step 2: The California Return

10 pts

Same idea, California edition. This one goes to the Franchise Tax Board (FTB), not the IRS.

FORM 540 2EZ · CALIFORNIA RESIDENT INCOME TAX RETURN		TEACHING VERSION · SINGLE FILER
1	California wages, copy from W-2 Box 16	2 pts
2	California standard deduction (single, teaching value)	\$5,500 given
3	CA taxable income: Line 1 minus Line 2 (not less than \$0)	2 pts
4	CA tax owed: find Line 3 in the California Teaching Tax Table ↓	2 pts
5	CA tax already withheld, copy from W-2 Box 17	2 pts
6	Settle up. If Line 5 is bigger: refund = Line 5 – Line 4. If Line 4 is bigger: you owe = Line 4 – Line 5. Circle one: REFUND / OWE	2 pts

CALIFORNIA TEACHING TAX TABLE, if CA taxable income is...

\$0 (no taxable income)	\$0
\$1 – \$8,000	\$70
\$8,001 – \$10,000	\$95
\$10,001 – \$12,000	\$120
\$12,001 – \$14,000	\$150

★ **California Connection:** the real 540 2EZ is the FTB's actual "easy" form, and CalFile lets you file it online for free. Notice CA's standard deduction is much smaller than the federal one.

Simplified for classroom use, real 540 2EZ values and tax tables differ.

Settle Up · Jordan's Bottom Line

3 pts

Return	Tax owed	Withheld	Refund or owe? How much?
Federal (1040)	_____	_____	_____
California (540 2EZ)	_____	_____	_____

Talk it out: Jordan got one refund and one bill in the same year. How is that possible? (1 pt of the 3)

Reflect · Your Money Move

2 pts

 **Build your tax-time plan.** Next January, where will you keep your W-2 when it arrives, and which free California filing option would you use (CalFile, IRS Free File, or VITA)? Why that one?

Exit Ticket

1. What is a W-2, and who sends it? _____
2. What two amounts does "filing" compare? _____
3. Name one free way to file in California. _____