**Understanding Payroll**

**Activity 7**

**Directions:**

On the question and answer page, please write thoughts/answers in COMPLETE sentences. Math calculations must be shown to receive credit. Remember, you are receiving a grade for this assignment.

**7. Payroll Taxes- Form 1040 and Georgia 500**

**Due Every April 15!**



Maybe you’ve heard your parents talk about April 15th or getting their tax returns completed on time. When you receive a W-2 from your employer, you are in the game, too! You may be required to a file tax return depending on your age, your student status, and the amount of money you made during the year.

April 15th is the day that income tax returns are due.

Typically, you file two income tax returns: one for the federal government (USA) and one for your state government (Georgia).

* In the last lesson, Activity 6, you learned about the Form W-2 and how to read the amount of your income and income taxes that were withheld from your pay and then reported to the government.
* If you are a full-time student and are claimed as a dependent on your parent’s tax return, you should read the requirements for filing your own tax returns.
* You might be entitled to a refund of federal and/or state income taxes you have paid in. If you determine that you should file tax returns, you should always prepare your federal return first.
* REMEMBER…Even if the amount of your refund is small, the forms are free to print from the IRS and the Georgia Department of Revenue websites, stamps are super cheap, or you can file electronically for free- AND you can get YOUR money back!

Forms we fill out and 'file' are called 'tax returns'. To file your return means that you send it to the appropriate U.S. or Georgia office (electronically or mail). Open the two forms below to answer the questions for this activity.

|  |  |
| --- | --- |
| Click here to view the federal form 1040:  <https://www.irs.gov/pub/irs-pdf/f1040.pdf> | Click here to view the state (GA) form 500: (you will have to scroll) <https://www.tax-brackets.org/georgiataxforms/form-500>= |

Payroll Activity 7 Instructions:

Below, you will find 20 questions to answer related to the payroll information you have already learned and how they tie into your income tax forms.

Key your answers in the right column in the table below. You should bold your answers or change the font color. TAKE A PHOTO your answer-page and submit according to your school’s WBL Coordinator’s instructions.

|  |  |  |
| --- | --- | --- |
| 1. | **OPEN the Federal Form 1040 for questions 1-16**  1040 is required by which government department? |  |
| 2. | IRS stands for: |  |
| 3. | Is the 1040 a federal or state form? |  |
| 4. | According to this tax return, which year are you reporting wage/tax info from? |  |
| ***Let's look at required information you must add to the form starting at the top.***  ***We will assume you are going to fill this out as a student, still living at home, and single.*** | | |
| 5. | Look at **Filing Status** **section**: Which one would you check? |  |
| 6. | **Standard Deduction section**: If you are a student, more than likely your parents will claim you on their income tax return. Which box should you mark? |  |
| 7. | **Lines 1-11 Income section:** Your employer gave you a form before January 31st that summarized your income and taxes last year.  \* Which line in this section will you need this form?  \* What is the name of the form? |  |
| 8. | **Standard Deduction for- section:** As a single person filing a tax return, how much is your Standard Deduction worth?  (‘Deduction’ is a number that you subtract- make sense?  The Standard Deduction amount is NOT taxable on your Form 1040, so you have to remove it from your income number. |  |
| 9. | **Do the math:** You earned $12,700 in wages last year. Use the Standard Deduction for a single person – since this is a ‘deduction’ you will subtract it out of your income of $12,700. How much of your income will you be responsible for paying taxes on? |  |
| 10. | Based on the answer from question #9, the amount of taxes you owe is $50.00. But all year long, your employer withheld taxes from your paycheck, thus you have already paid in $620.  How much is your refund of federal income tax? |  |
| 11. | **Do the math:** You earned $10,200 in wages last year. Use the Standard Deduction for a single person – since this is a ‘deduction’ you will subtract it out of your income of $10,200. How much of your income will you be responsible for paying taxes on? |  |
| 12. | Based on the answer from question #11, the amount of taxes you owe is $0. But all year long, your employer withheld taxes from your paycheck, thus you have already paid in $620.  How much is your refund of federal income tax? |  |
| 13. | **Lines 12a –19 Section** Here is where you enter the amount of taxes that you have already paid in or have credit for (in your favor).  Your employer gave you a form before January 31st that summarized your income and taxes last year.  \* Which line in this section will you need this form?  \* What is the name of the form? |  |
| 14. | **Lines 20-22** is a section you complete only if you overpaid or underpaid your income taxes through your pay checks? |  |
| 15. | **Lines 23-24** is a section you complete only if you overpaid or underpaid your income taxes through your pay checks? |  |
| 16. | **Is your signature necessary** when you file your Form 1040 ? |  |
|  | **OPEN the weblink for Georgia Form 500 for**  **questions 17-20. You should be able to view and not required to download.** |  |
| 17. | Read the required information on the Georgia 500 all the way **down to line #8.**  In reference to the information required on line #8, why was it important that you complete the Federal 1040 before the Georgia return? |  |
| 18. | Go to the bottom of page-3 to **Income Statement Details table**. Which ‘Withholding Type’ have we been talking about that the majority of all employees receive? |  |
| 19. | You will have an amount in line #41 if you underpaid or overpaid your taxes? |  |
| 20. | Are you required to sign your Georgia 500 Form? |  |