



# Percentages: Tax Breaks

NAME: .....

CLASS: .....

DATE: .....



## Basic

- 1) Investigate how income tax is collected in different countries around the world.
- 2) What is a progressive tax system?
- 3) Kevin is a store manager who earns an annual salary of £28,064. Calculate his gross monthly income.
- 4) Sarah earns £235 per week (for 52 weeks) and Adele earns £1020 per month. Who earns more per year and by how much more?
- 5) Anna is a primary school teacher earning a salary of £24,500. She pays 8% of her salary in superannuation. Calculate how much superannuation she pays each year.



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## Core

1) What is a progressive tax system?

2) Robert earns £12.68 per hour for a 40-hour week. He is paid for 52 weeks in the year. His tax allowances amount to £4630. Tax is payable on whole pounds only. The current rates of tax are:

For the first £1880 of taxable income	10p in the £
For the next £26,880 of taxable income	22p in the £
For the rest of the taxable income	40p in the £

Using the information above, calculate Robert's gross annual salary, the amount of tax he needs to pay annually, and his weekly take-home pay.

3) Sam is a gardener earning £7.75 per hour for a 35-hour week. He is paid for 52 weeks in the year. His weekly NI contributions are 11% of what he earns in excess of £91. He has a personal tax allowance of £4745. Using the information below, calculate his weekly take-home pay.

Starting rate: £0 - £2020	10%
Basic rate: £2021 - £31,400	22%
Higher rate: over £31,400	40%



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## Advanced

1) Michael is an engineer earning a salary of £21,750. He pays 8% of his salary in superannuation. His monthly NI contributions are 9.4% of what he earns in excess of £395. He has a personal tax allowance of £4745 and professional allowances of £160.

Using the information below, calculate his monthly take-home pay.

Starting rate: £0 - £2020	10%
Basic rate: £2021 - £31,400	22%
Higher rate: over £31,400	40%

2) Andrea is a sales executive earning a basic salary of £18,500 plus commission of 8% on sales over £10,000.

For the first £1880 of taxable income	10%
For the next £26,880 of taxable income	22%
For the rest of the taxable income	40%

a) Calculate Andrea's annual income for a year in which she makes sales of £23,000.

b) Andrea's tax allowances are £5000. Using the information above, calculate her tax bill for the year.



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3) Angus is a secondary school teacher. Last year he earned a salary of £36,600. His superannuation contribution was 6% of this and he had tax allowances of £5300.

For the first £1880 of taxable income	10%
For the next £26,880 of taxable income	22%
For the rest of the taxable income	40%

a) Calculate his taxable income.

b) Using the information above, calculate the amount of tax Angus had to pay last year.



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## ANSWERS

### Basic

2) A system where the more money you earn, the more tax you have to pay.

3) £2338.67

4) Adele earns more, by £20.

5) £1960

### Core

1) A system where the more money you earn, the more tax you have to pay.

2) Gross annual salary £26,374.40; annual tax £4558.17; weekly take home pay £419.54.

3) £216.48

### Advanced

1) £1277.53

2) a) £19,540

b) £2973.20

3) a) £29,104

b) £6239.20