Name _____ Date _____

Taxes: Forms and Vocabulary in General Terms

Directions: The table shows two workers' year-end tax amounts. Enter number answers in dollars, with no dollar sign or comma.

1. Workers run into these four tax terms every year; match each one with the description of who uses it and what it does.

Write the letter of the matching answer on each line.

1. _____ Form W-4
2. _____ Form W-2
3. _____ Form 1040
4. _____ Withholding

Choices for question 1

A. The form a worker gives an employer, usually when starting a job, that guides how much tax is held back from each paycheck

B. The main federal income tax return, where a person lists the year's income and works out whether a refund or a payment is due

C. Tax an employer takes out of each paycheck and sends to the government toward the worker's tax bill

D. A bill the government mails every worker each month for that month's tax

E. A statement each employer sends after the year ends, listing a worker's pay for the year and the tax taken out of it

Two Workers' Tax Year

Year-end federal income tax amounts for two individual workers. The withheld amount for each worker comes from the W-2 that the employer provided, and the amount owed comes from the Form 1040 that the worker completed and filed.

Worker	Federal income tax withheld during the year (dollars)	Federal income tax owed for the year (dollars)
Tomas	2,100	1,800
Zara	900	1,050

2. What does Tomas's refund tell you about his tax situation for the year?

A. His employer forgot to withhold any tax from his pay.

B. The government paid him a bonus for filing his return.

C. More tax was withheld from his pay than he owed, so the extra is being returned.

D. He owed more tax than his employer withheld.

3. Comparing the amount withheld from Tomas's paychecks with the amount he owed for the year, how large is his refund?

_____ dollars

4. Suppose the $2,100 withheld from Tomas's pay came out in equal amounts from 12 monthly paychecks; how much was withheld from each individual paycheck?

_____ dollars

5. Using the table, how much federal income tax does Zara still owe if she made no other tax payments and has no refundable credits?

_____ dollars

6. When Zara completes her Form 1040, which document from her employer shows the total federal income tax withheld from her pay for the year?

A. Form W-2

B. Form W-4

C. A pay stub from her first week on the job

D. Her apartment lease

7. If Ravi's W-4 choice results in $200 of federal income tax being withheld from his pay every month for 12 months, and his Form 1040 shows he owes $1,800 for the year, how large would his refund be?

_____ dollars

8. Ravi expects to owe approximately $1,800 in federal income tax this year, and he is comparing two W-4 choices: Option A would withhold $150 a month, while Option B would withhold $200 a month. Which option gives him bigger paychecks during the year, and by how much each month?

A. Option B, by $50 a month

B. Both options give him the same paychecks

C. Option A, by $50 a month

D. Option A, by $600 a month

9. Two coworkers earn identical pay, yet different amounts of federal income tax are withheld from their paychecks; which of these is the most likely explanation?

A. One of them filed a Form 1040 that sets the next year's paychecks.

B. Their W-4 forms gave the employer different information, such as other jobs or tax credits they expect.

C. Withholding depends on which bank each worker uses.

D. The employer picks withholding amounts at random each month.

10. Which of these situations is a sensible reason for a worker to complete a new W-4 for the employer?

A. Changing the password for an existing bank account

B. Moving to a new desk at the same job

C. Buying a new phone

D. Starting a second job, which can change how much tax the worker will owe for the year