

Learning how taxes work is a **smart choice** that can help you reach your goals.
Here are some ideas to help you learn...

FEDERAL TAX BASICS

TO FIGURE YOUR TAX:		FOR EXAMPLE:
Start with your	Income	Job, unemployment insurance
Then take away your	Adjustments Deductions Exemptions	Student loan interest Head of household You + dependents
Whatever's left is	Taxable income	\$0.00 or more
Taxed at your	Tax rate	10% to 35%
Leaving you with	Your tax	\$0.00 or more
Which can be reduced by	Credits that aren't refundable	Childcare, education, retirement, child tax credit
& reduced more by	Payments & credits that are refundable (a refundable credit is a credit that you can get as part of your refund)	Withholding, earned income credit, additional child tax credit
Payments & credits not needed to pay tax all go into	Your refund	\$\$\$\$!
That you can	Direct deposit into up to 3 separate accounts	Checking account Savings account U.S. Savings Bond

Ask at this **free tax site** about other resources to help you make **smart choices** about tax planning, or contact:

1-800-TAX-1040

www.irs.gov

www.thebeehive.org

All Smart Choices tips can be found at www.Mass211.org

All figures are based on 2009 tables, and are subject to change.

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