



How much do you know about taxes?

Questions:

1. Considering personal state income tax, which state is the highest?
2. Which seven states have no personal income tax at all?
3. How many states have cities and counties that have an income tax?
4. Which city or county has the highest income tax rate?
5. Which two states have no personal or corporate income tax (or business tax)?
6. Which country has the highest personal income tax?
7. What is currently the maximum US federal income tax rate?
8. When was the first federal income tax created? What was the rate?
9. Our current federal income tax system began in what year? What was the maximum rate at that time?

10. When in history was the highest income tax rate imposed on the US public?
11. Which country has the highest corporate income tax rates?
12. What percentage of your paycheck goes towards Social Security and Medicare (FICA)? This is in addition to income tax.
13. Which five states have no sales tax? What city/county pays the highest sales tax?

Answers:

1. California – The highest marginal rate in the Golden State is currently 10.3%.

2. Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming. (New Hampshire and Tennessee limit their state income taxes to dividends and interest income only).

3. 14 states have a city or county income tax. They are: Alabama, Arkansas, Delaware, Indiana, Iowa, Kentucky, Maryland, Michigan, Missouri, New Jersey, New York, Ohio, Oregon, and Pennsylvania.

4. New York City, with a maximum personal income tax rate of 4%.

5. Wyoming and Nevada

6. Belgium; with the highest rate being 56%. Germany is second, then France.

7. 35% on taxable income over \$372,950.

8. In order to help pay for its war effort in the Civil War, the United States government imposed its first personal income tax in 1861. The tax rate was 3% of all income over \$800.

9. 1913. The maximum rate was 7%

10. 1944-1945, in order to fund expenses generated by World War II. The maximum rate was 94% on income over \$1,000,000.

11. 24 states in the US have the highest combined federal and state tax rates in the world for corporations. Iowa takes the lead with a combined rate of 41.6% (allowing for the fact that state tax is deductible on the federal return). California is 40.7%. Japan would come in second place at 39.5%, then Germany at 38.9%, Canada at 36.1%, and France at 34.4%. In the developed world, Ireland comes in last place at only 12.5%.

12. A total of 15.3%. Broken down as follows...

Social Security, Employee pays 6.2%, on your first \$106,800 of wages
Social Security, Employer pays 6.2%, on your first \$106,800 of wages
Medicare, Employee pays 1.45%, on all wages
Medicare, Employer pays 1.45%, on all wages

13. Delaware, Oregon, Alaska, Montana, and New Hampshire have no state sales tax. As for the highest rate, Chicago and some counties in California take the prize at 10.25%. When you take an average of local taxes within each state, Tennessee comes out ahead at 9.4%. West Virginia was the first state to charge sales tax in 1921.

