

SNAPSHOT OF AMERICA: HOW DO PROGRESSIVE TAXES WORK?

SALARY	2014 PROGRESSIVE TAX SCALE						TOTAL TAX PAID
\$30,000 per year	\$1,785	\$1,822					\$3,607.50 per year
\$70,000 per year	\$1,785	\$7,822					\$9,607.50 per year
\$1,000,000 per year	\$1,785	\$8,197	\$18,525	\$21,462	\$57,898	\$18,077	\$217,800
	Tax on first \$17,850 @ 10%	Tax on \$17,851 - \$72,500 @ 15%	Tax on \$72,501 - \$146,400 @ 25%	Tax on \$146,401 - \$223,050 @ 28%	Tax on \$223,051 - \$398,350 @ 33%	Tax on \$398,351 - \$450,000 @ 35%	Tax over \$450,001+ @ 39.6%

BEHIND THE NUMBERS

A “progressive income tax” is one in which those with higher incomes pay taxes at a higher rate. However, they do not pay the top rate on all of their income. As the income goes up, the rate goes up on each increment. So the millionaire pays the same 10% as a janitor on the first \$17,850, but 39.6% on his or her income over \$450,000. Is this fair?

Source: Calculated by authors from Internal Revenue Service 2013 Tax Table [http://www.irs.gov/pub/irs-pdf/i1040tt.pdf]