

- 86. from 120,000 to multiply (×) the 2-nd tax rate range difference (0.059-0.047). Tax rate ranges are
- 87. 1.7%-4.5%-5.9% for taxable income ranges of 0-\$180,000-.
- 88. YTI is TI×F. F is filing period (1, 2, 4, 12, 24, 26, 52 or 365 on yearly, semi-yearly, quarterly, monthly,
- 89. semi-monthly, bi-weekly, weekly or daily basis).

Examples #1 with wages:

Tax rate and tax are:

- 1. YW=\$82,000 (S=2): $(82,000 \div 5,357,143 \div 2 + 0.017) \times 82,000 = 0.024653 \times 82,000 = 2,021.57$
- 2. Bi-weekly Wage is \$8,000 (S=1.5): $(0.059 - 2,100 \times 1.5 \div 8,000 \div 26) \times 8,000 = 0.0485577 \times 8,000 = 350.85$
- 3. Monthly Wage is \$7,750 (S=1): $(7,750 \times 12 \div 5,357,143 \div 1 + 0.017) \times 7,750 = 0.03436 \times 7,750 = 266.29$

Examples #2 with taxable incomes:

Tax rate and tax are:

- 1. YW=\$82,000 (S=2): $(82,000 \div 4,000,000 \div 2 + 0.017) \times 82,000 = 0.02725 \times 82,000 = 2,234.50$
- 2. Bi-weekly Wage is \$8,000 (S=1): $(0.059 - 1,440 \times 1 \div 8,000 \div 26) \times 8,000 = 0.052077 \times 8,000 = 416.62$
- 3. Monthly Wage is \$7,750 (S=1.5): $(7,750 \times 12 \div 4,000,000 \div 1.5 + 0.017) \times 7,750 = 0.0325 \times 7,750 = 251.88$

***Notes:**

1. NM has two income tax systems of withholding taxes with wages and tax turn taxes with taxable incomes, which may be combined together simply.

Withholding/Income Tax=(Incomes±Adjustments-(Deductions+Exemptions)÷F)×Tax rate-Tax credits÷F

For withholding taxes, NM standard deductions, exemptions and tax credits are used for withholding tax calculations. F=1 is for tax returns. Tax Table (6 pages) or its formula can be used as one option.

2. With this simplification, the existing 10 tax brackets, 30 taxable income ranges, and 240 (10×3×8) formulas can be simplified to two formulas/brackets.

At YTI \$120,000 (or \$10,000/month) for Married Filing Separately, tax is 0.04728 from (\$4,498+4.9% (120,000-96,000))/120,000. Bottom tax rate 1.7% may be reduced to 1.5% or 1 % with neutral tax revenue.

Not over \$120,000×S	$(YTI \div C \div S + 0.015) \times TI$	1.5% - 4.7%
Over \$120,000×S	$(0.059 - (D \times S \div YW)) \times W$	4.7% - 5.9%

C is 3,750,000=120,000÷(0.047-0.015). D=1,440=120,000×(0.059-0.047).

**Fair tax rate changes: www.scitcentral.com/documents/be5648da4795008d9893b752b9226c8f.pdf
(3. Tax Rate Change Speed, Checking Tool, Tax Status and Simplification)

3. For existing tax reforms, tax brackets, tax rates, taxable income ranges and tax goal are considered at the same time, which are affected each and complex. With this tax simplification, only 3 tax rates at bottom, middle (such as \$120,000) and top are adjusted to meet a tax goal. The factors are explained by our research paper (Page 508**).

Bill Summary

This bill can match, simplify, and replace existing 10 tax brackets, 30 taxable income ranges, and 240 (10×3×8) formulas with 2 formulas and brackets. The 4 tax statuses are numbered as 1, 1.25, 1.5 or 2 simply. Withholding taxes, payrolls, withholding reports, income taxes, tax returns, tax analyses, fiscal notes, tax projections, and tax reforms can be simplified. A checking tool is provided to check and reduce calculation mistakes. For future tax reforms, only 3 tax rates at bottom, \$120,000 and top are adjusted to meet a tax revenue goal by lawmakers.

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