

TRANSITION FROM TEENAGER TO ADULT

TAXES INTRODUCTION GUIDE



A1 FORCE



INTRODUCTION

Purpose of this workbook:

This workbook is designed to help you understand what taxes are, why we pay them, how to fill out a W-4 form, and how to file your first tax return. By the end, you'll know exactly how to read your paycheck, make smart withholding choices, and file taxes confidently.

Who this workbook is for:

- First-time job holders
- Teenagers and young adults entering the workforce
- Anyone who wants to understand how taxes work

UNDERSTANDING TAXES

🧩 What Are Taxes?

Taxes are money that individuals and businesses are required by law to pay to the government. Governments use that money to pay for things like:

- Schools
- Roads
- Police and fire departments
- Parks and libraries
- National defense
- Social programs like Medicare and Social Security

👉 ***In simple terms:*** Taxes are how everyone contributes to the public services we all use.

Types of Taxes You’ll See on a Paycheck

Tax Type	What It’s For	Who Collects It
Federal Income Tax	Funds national programs such as defense, public health, and education.	IRS (Federal Government)
State Income Tax	Funds state-level programs such as state universities, highways, etc.	State Government
FICA (Social Security + Medicare)	Provides retirement, disability, and healthcare benefits for older Americans.	Federal Government
Local Taxes	Used by cities/counties for local services.	City or County

Gross Pay vs. Net Pay

- **Gross Pay** = Total money earned before deductions (hours worked × pay rate).
- **Net Pay** = The amount left after taxes and deductions — what actually goes into your bank account.

Example:

You work 20 hours a week at \$15/hour.

Gross pay = $\$15 \times 20 = \300

Now subtract:


- Federal Income Tax (about 10%): \$30
- Social Security (6.2%): \$18.60
- Medicare (1.45%): \$4.35

Net Pay = $\$300 - \$52.95 = \$247.05$

Progressive Tax System

The U.S. has a progressive tax system, meaning people with higher income pay a higher percentage in taxes.

Income Range	Tax Rate Example
\$0 – \$11,000	10%
\$11,001 – \$44,725	12%
\$44,726 – \$95,375	22%

 Important: Only the part of your income that falls in each range is taxed at that rate.

Tax Credits vs. Tax Deductions

- Tax Deduction: Lowers the amount of income that is taxed.
- Example: If you earn \$40,000 and claim a \$2,000 deduction, you’re taxed as if you earned \$38,000.
- Tax Credit: Subtracts directly from your tax bill.
- Example: If you owe \$500 and qualify for a \$500 credit, you owe \$0.

Simple Rule:

Credits = Better than deductions because they reduce your taxes dollar-for-dollar.



ACTIVITY 1: PAYCHECK BREAKDOWN

Instructions: Using the sample below, label each deduction and calculate the net pay.

Item	Amount
Gross Pay	\$500
Federal Income Tax	\$40
Social Security (6.2%)	\$31
Medicare (1.45%)	\$7.25
State Income Tax	\$15
Health Insurance	\$20

Net Pay = _____

SECTION 2: FILLING OUT YOUR W-4 FORM

What Is a W-4?

The W-4 form tells your employer how much federal income tax to withhold from your paycheck.

This doesn't decide how much you owe — it helps make sure you're paying the right amount throughout the year.

If too little is withheld → you may owe money at tax time.

If too much is withheld → you may get a refund.

Step-By-Step W-4 Breakdown

Step 1: Personal Information

Write your:

- Name, Address, Social Security Number
- Filing Status:
 - Single or Married Filing Separately
 - Married Filing Jointly
 - Head of Household (unmarried with dependents you support)

 **Tip:** Filing status affects your tax bracket and standard deduction.

Step 2: Multiple Jobs or Spouse Works

This step helps make withholding more accurate if:

- You work more than one job, or
- You're married and your spouse also works.

Options:

1. Use the IRS Tax Withholding Estimator online.
2. Use the worksheet on Page 3 of the W-4.
3. Check the box if there are only two total jobs in your household.

Step 3: Claim Dependents

- If you have qualifying dependents (children or others you support), you can reduce withholding.

Example (amounts vary by year):

- Child under 17 → \$2,000 credit per child
- Other dependents → \$500 each

 **Formula on form:** Multiply eligible dependents × credit amount, then write total.

Step 4: Other Adjustments (Optional)

Use this if you want more control over your taxes:

- 4(a): Add other income not from jobs (like investments or freelance income).
- 4(b): Enter deductions larger than the standard deduction (itemized).
- 4(c): Ask to have an extra dollar amount withheld each paycheck (good if you owed last year).

Step 5: Sign & Date

You must sign and date the form or it's invalid.

⚠ Common Mistakes

- Claiming "Exempt" when you don't qualify (can lead to a tax bill).
- Forgetting to update after life changes (marriage, new job, child, etc.).
- Confusing dependents (you can't claim yourself if someone else claims you).

Activity 2: Practice W-4 Form

Instructions: Fill out a blank W-4 for the scenario below. Go to the A1FORCELLC website and download one.

You're 20 years old, single, work one full-time job, and earn \$2,000/month. You have no dependents. You want a small refund at tax time.



SECTION 3: HOW TO FILE YOUR TAXES



When You File

You file taxes once a year — usually by April 15 (Tax Day).



What You Need to File

You’ll need documents that summarize your income and any deductions or credits.

Form	Description
W-2	From your employer; shows wages and taxes withheld
1099-NEC	For freelance/gig income
1098-T	For tuition/education expenses
1098-E	Student loan interest
1099-INT / 1099-DIV	Bank interest or dividends
1095-A	Health insurance form (if you bought it through the marketplace)



Tip: Save digital copies of every form — they’re your proof of income.

Steps to File Taxes

Gather All Documents

Collect your W-2s, 1099s, receipts, and any other income records.

Choose a Filing Method

- IRS Free File: Free for eligible incomes under a certain limit.
- Tax Software: TurboTax, H&R Block, Cash App Taxes, etc.
- VITA Centers: Free in-person help for low-income or student filers.
- Tax Preparer or CPA: For complex returns.

Enter Income and Deductions

Enter everything exactly as shown on your forms.

Add deductions or credits that apply to you.

Review Everything

Check for:

- Correct name and SSN
- Bank info (for direct deposit)
- No typos or missing forms

File Electronically

E-file through the IRS or software for the fastest refund.

If you mail it, it can take 6–8 weeks.

Track Your Refund

Use “Where’s My Refund?” on IRS.gov.

Filing Tip

Keep copies of your return for at least 3 years (7 if self-employed).

Activity 3: Filing Checklist

Check all that apply:

- ☒ I have my W-2 form
- ☒ I checked for 1099s
- ☒ I reviewed for dependents
- ☒ I entered deductions
- ☒ I chose a filing method
- ☒ I reviewed and signed
- ☒ I saved a copy



SECTION 4: LEVEL UP YOUR TAX KNOWLEDGE



Tax Credits to Know


Credit	Who Qualifies	What It Does
Earned Income Tax Credit (EITC)	Low- to moderate-income workers	Refunds money even if you owe \$0
American Opportunity Credit	College students in first 4 years	Up to \$2,500 per year for tuition
Lifetime Learning Credit	Anyone taking classes	Up to \$2,000 per year
Saver’s Credit	People contributing to retirement	Credit for saving money



Self-Employment & Side Hustles

If you earn money on your own (DoorDash, Depop, freelance work):

- You’re considered self-employed.
- You must pay self-employment tax (Social Security + Medicare).
- Keep track of your income and expenses (phone bill %, gas, supplies, etc.).
- File a Schedule C with your 1040 form.



Pro Tip: You can reduce taxes by claiming legitimate business expenses — keep receipts!



Credits vs. Deductions Activity

Match the examples:

Example	Credit or Deduction?
Tuition for college	_____
Donating to charity	_____
Child under 17	_____
Contributing to a 401(k)	_____



Record Keeping

Keep tax documents for 3–7 years. Store digitally in folders by year.



FINAL REFLECTION

Write your responses below:

What did you learn about taxes that you didn't know before?

How can filling out your W-4 correctly help you avoid surprises at tax time?

What are two ways to lower your taxes legally?

DISCLAIMER

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