

**OFFICE OF THE ATTORNEY GENERAL  
2018 REVISED TAX CHARTS**

**Effective February 2, 2018**

Pursuant to § 154.061(b) of the Texas Family Code, the Office of the Attorney General of Texas, as the Title IV-D agency, has promulgated the following tax charts to assist courts in establishing the amount of a child support order. These tax charts are applicable to employed and self-employed persons in computing net monthly income.

**INSTRUCTIONS FOR USE**

To use these tables, first compute the obligor's annual gross income. Then recompute to determine the obligor's average monthly gross income. These tables provide a method for calculating "monthly net income" for child support purposes, subtracting from monthly gross income the social security taxes and the federal income tax withholding for a single person claiming one personal exemption and the standard deduction.

Thereafter, in many cases the guidelines call for a number of additional steps to complete the necessary calculations. For example, §§ 154.061 - 154.070 provide for appropriate additions to "income" as that term is defined for federal income tax purposes, and for certain subtractions from monthly net income, in order to arrive at the net resources of the obligor available for child support purposes. If necessary, one may compute an obligee's net resources using similar steps.

**LIMITATIONS ON USE**

These charts are intended to assist courts in common situations, and do not account for all deductions and adjustments allowable under the Internal Revenue Code. For instance, these charts do not take into account the qualified business income deduction which might be taken by some owners of sole proprietorships, S corporations, partnerships, or stand-alone rental properties (pass-thru entities). In some situations, section 199A of the Internal Revenue Code allows owners of pass-thru entities to take a deduction against their income resulting in a reduction of the effective tax rate. These charts should not be used to estimate the net income of owners of pass-thru entities. The computation of net income for parties with complex tax situations may require consultation with an income tax professional.

**REASONS FOR REVISION**

2018 Tax Charts published in the Texas Register on December 29, 2017 were prepared and submitted for publication before enactment of recent amendments to the Internal Revenue Code. *An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, Pub. L. No. 115-97, 131 Stat. 2054 (codified as amended in scattered sections of 26 U.S.C.)*. The 2018 Revised Tax Charts consider temporary changes to the Internal Revenue Code for tax years 2018 through 2025, including new income tax brackets and rates, reduction of the personal exemption to zero, and an increased standard deduction. Column headings were revised for greater accuracy, alternating row shading was added to enhance readability, and new income levels were selected for the left hand column (removal of some rows for very low income, increase in the number of rows that display in \$100 increments, removal of rows for income that exceed the point where net resources reach \$8550 [more fully explained in the footnotes]).

EMPLOYED PERSONS 2018 REVISED TAX CHART				
	Federal Insurance Contributions Act Taxes			
Monthly Gross Wages	Old-Age, Survivors and Disability Insurance Program (Social Security) Tax (6.2%)*	Medicare's Hospital Insurance Program (Medicare) Tax (1.45%)*	Federal Income Tax***	Net Monthly Income
\$500.00	\$31.00	\$7.25	\$0.00	\$461.75
\$750.00	\$46.50	\$10.88	\$0.00	\$692.62
\$1,000.00	\$62.00	\$14.50	\$0.00	\$923.50
\$1,100.00	\$68.20	\$15.95	\$10.00	\$1,005.85
\$1,200.00	\$74.40	\$17.40	\$20.00	\$1,088.20
\$1,256.67****	\$77.91	\$18.22	\$25.67	\$1,134.87
\$1,300.00	\$80.60	\$18.85	\$30.00	\$1,170.55
\$1,400.00	\$86.80	\$20.30	\$40.00	\$1,252.90
\$1,500.00	\$93.00	\$21.75	\$50.00	\$1,335.25
\$1,600.00	\$99.20	\$23.20	\$60.00	\$1,417.60
\$1,700.00	\$105.40	\$24.65	\$70.00	\$1,499.95
\$1,800.00	\$111.60	\$26.10	\$80.12	\$1,582.18
\$1,900.00	\$117.80	\$27.55	\$92.12	\$1,662.53
\$2,000.00	\$124.00	\$29.00	\$104.12	\$1,742.88
\$2,100.00	\$130.20	\$30.45	\$116.12	\$1,823.23
\$2,200.00	\$136.40	\$31.90	\$128.12	\$1,903.58
\$2,300.00	\$142.60	\$33.35	\$140.12	\$1,983.93
\$2,400.00	\$148.80	\$34.80	\$152.12	\$2,064.28
\$2,500.00	\$155.00	\$36.25	\$164.12	\$2,144.63
\$2,600.00	\$161.20	\$37.70	\$176.12	\$2,224.98
\$2,700.00	\$167.40	\$39.15	\$188.12	\$2,305.33
\$2,800.00	\$173.60	\$40.60	\$200.12	\$2,385.68
\$2,900.00	\$179.80	\$42.05	\$212.12	\$2,466.03
\$3,000.00	\$186.00	\$43.50	\$224.12	\$2,546.38
\$3,100.00	\$192.20	\$44.95	\$236.12	\$2,626.73
\$3,200.00	\$198.40	\$46.40	\$248.12	\$2,707.08
\$3,300.00	\$204.60	\$47.85	\$260.12	\$2,787.43
\$3,400.00	\$210.80	\$49.30	\$272.12	\$2,867.78
\$3,500.00	\$217.00	\$50.75	\$284.12	\$2,948.13
\$3,600.00	\$223.20	\$52.20	\$296.12	\$3,028.48
\$3,700.00	\$229.40	\$53.65	\$308.12	\$3,108.83
\$3,800.00	\$235.60	\$55.10	\$320.12	\$3,189.18
\$3,900.00	\$241.80	\$56.55	\$332.12	\$3,269.53
\$4,000.00	\$248.00	\$58.00	\$344.12	\$3,349.88
\$4,100.00	\$254.20	\$59.45	\$356.12	\$3,430.23
\$4,200.00	\$260.40	\$60.90	\$368.12	\$3,510.58
\$4,300.00	\$266.60	\$62.35	\$387.62	\$3,583.43
\$4,400.00	\$272.80	\$63.80	\$409.62	\$3,653.78
\$4,500.00	\$279.00	\$65.25	\$431.62	\$3,724.13
\$4,600.00	\$285.20	\$66.70	\$453.62	\$3,794.48
\$4,700.00	\$291.40	\$68.15	\$475.62	\$3,864.83
\$4,800.00	\$297.60	\$69.60	\$497.62	\$3,935.18
\$4,900.00	\$303.80	\$71.05	\$519.62	\$4,005.53
\$5,000.00	\$310.00	\$72.50	\$541.62	\$4,075.88
\$5,100.00	\$316.20	\$73.95	\$563.62	\$4,146.23
\$5,200.00	\$322.40	\$75.40	\$585.62	\$4,216.58
\$5,300.00	\$328.60	\$76.85	\$607.62	\$4,286.93
\$5,400.00	\$334.80	\$78.30	\$629.62	\$4,357.28
\$5,500.00	\$341.00	\$79.75	\$651.62	\$4,427.63
\$5,600.00	\$347.20	\$81.20	\$673.62	\$4,497.98
\$5,700.00	\$353.40	\$82.65	\$695.62	\$4,568.33
\$5,800.00	\$359.60	\$84.10	\$717.62	\$4,638.68
\$5,900.00	\$365.80	\$85.55	\$739.62	\$4,709.03
\$6,000.00	\$372.00	\$87.00	\$761.62	\$4,779.38
\$6,250.00	\$387.50	\$90.63	\$816.62	\$4,955.25
\$6,500.00	\$403.00	\$94.25	\$871.62	\$5,131.13
\$6,750.00	\$418.50	\$97.88	\$926.62	\$5,307.00
\$7,000.00	\$434.00	\$101.50	\$981.62	\$5,482.88
\$7,500.00	\$465.00	\$108.75	\$1,091.62	\$5,834.63
\$8,000.00	\$496.00	\$116.00	\$1,204.12	\$6,183.88
\$8,500.00	\$527.00	\$123.25	\$1,324.12	\$6,525.63
\$9,000.00	\$558.00	\$130.50	\$1,444.12	\$6,867.38
\$9,500.00	\$589.00	\$137.75	\$1,564.12	\$7,209.13
\$10,000.00	\$620.00	\$145.00	\$1,684.12	\$7,550.88
\$10,500.00	\$651.00	\$152.25	\$1,804.12	\$7,892.63
\$11,000.00	\$663.40**	\$159.50	\$1,924.12	\$8,252.98
\$11,398.43*****	\$663.40	\$165.28	\$2,019.75	\$8,550.00

## **Footnotes to Employed Persons 2018 Revised Tax Chart:**

References to “the Code” refer to the Internal Revenue Code of 1986, as amended (26 U.S.C.)

\* An employed person not subject to the Social Security Tax and the Medicare Tax will be allowed the reductions reflected in these columns, unless it is shown that such person has no similar contributory plan such as teacher retirement, federal railroad retirement, federal civil service retirement, etc.

\*\* This amount represents the maximum monthly average of the Social Security tax based on the maximum OASDI Contribution and Benefit Base amount of \$128,400 for 2018. In 2018 the maximum level of Monthly Gross Wages for an employed person subject to the 6.2% Social Security tax is \$128,400 per year.

Monthly Gross Wages	\$128,400 for the year, or \$10,700 monthly average
Social Security tax rate = 6.2%	\$128,400 is equal to the 2018 OASDI contribution and benefit base, so \$128,400 is taxed at this rate.  $\$128,400 \times .062 = \$7,960.80$ for the year, or \$663.40 monthly average

\*\*\* These amounts represent one-twelfth (1/12) of the annual federal income tax calculated for a single taxpayer claiming one personal exemption (in the case of a taxable year beginning after December 31, 2017, and before January 1, 2026 the exemption amount is zero), and taking the standard deduction (\$12,000).

Examples:

Monthly Gross Wages	\$72,000 for the year, or \$6,000 monthly average	\$132,000 for the year, or \$11,000 monthly average
Personal Exemption Section 151(d) of the Code	\$0 for tax years 2018 through 2025	\$0 for tax years 2018 through 2025
Standard Deduction Section 63(c) of the Code	\$12,000	\$12,000
Income amount to be used in the income tax computation	$\$72,000 - \$0 - \$12,000 = \$60,000$	$\$132,000 - \$0 - \$12,000 = \$120,000$
Income tax computation for 2018	<i>If taxable income is over \$38,700 but not over \$82,500, the tax is \$4,453.50 plus 22% of the excess over \$38,700 (Section 1(j) of the Code)</i>  $\$4,453.50 + ((\$60,000 - \$38,700) \times .22) = \$9,139.50$ for the year, or \$761.62 monthly average	<i>If taxable income is over \$82,500 but not over \$157,500, the tax is \$14,089.50 plus 24% of the excess over \$82,500 (Section 1(j) of the Code)</i>  $\$14,089.50 + ((\$120,000 - \$82,500) \times .24) = \$23,089.50$ for the year, or \$1,924.12 monthly average

\*\*\*\* This amount represents one-twelfth (1/12) of the gross income of an individual earning the federal minimum wage (\$7.25 per hour) for a 40-hour week for a full year.

Federal Minimum Wage = \$7.25 per hour	$\$7.25 \times 40 \text{ hours per week} \times 52 \text{ weeks per year} = \$15,080$ per year
Monthly average	$\$15,080 / 12 = \$1,256.67$ monthly average

\*\*\*\*\* This amount represents the point where the monthly gross wages of an employed individual would result in \$8,550.00 of net resources. Texas Family Code section 154.125 provides “The guidelines for the support of a child in this section are specifically designed to apply to situations in which the obligor's monthly net resources are not greater than \$7,500 or the adjusted amount determined under Subsection (a-1), whichever is greater.” Effective September 1, 2013 the adjusted amount determined under Subsection (a-1) is \$8,550.00. Texas Family Code section 154.126(a) provides, “If the obligor’s net resources exceed the amount provided by Section 154.125(a), the court shall presumptively apply the percentage guidelines to the portion of the obligor’s net resources that does not exceed that amount. Without further reference to the percentage recommendation by these guidelines, the court may order additional amounts of child support as appropriate, depending on the income of the parties and the proven needs of the child.” The tax charts promulgated by the Office of the Attorney General include net monthly income amounts up to the amount specified in Texas Family Code section 154.125.

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## **Citations Relating to Employed Persons 2018 Revised Tax Chart:**

### **1. Old-Age, Survivors and Disability Insurance Tax**

#### **(a) Contribution Base**

- (1) Social Security Administration’s notice appearing in 82 Fed. Reg. 59937 (December 15, 2017)
- (2) Section 3121(a) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 3121(a))
- (3) Section 230 of the Social Security Act, as amended (42 U.S.C. § 430)

#### **(b) Tax Rate**

- (1) Section 3101(a) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 3101(a))

### **2. Hospital (Medicare) Insurance Tax**

#### **(a) Contribution Base**

- (1) Section 3121(a) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 3121(a))
- (2) Omnibus Budget Reconciliation Act of 1993, Pub. L. No. 103-66, § 13207, 107 Stat. 312, 467-69 (1993)

#### **(b) Tax Rate**

- (1) Section 3101(b) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 3101(b))

### **3. Federal Income Tax**

#### **(a) Tax Rate Schedule for 2018 for Single Taxpayers**

- (1) An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, Pub. L. No. 115-97, 131 Stat. 2054 (codified as amended in scattered sections of 26 U.S.C.) amended the Internal Revenue Code of 1986 by adding Section 1(j) to include tax rates for the taxable years 2018 through 2025.
- (2) Section 1(j) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1(j))

(b) Standard Deduction

- (1) An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, Pub. L. No. 115-97, 131 Stat. 2054 (codified as amended in scattered sections of 26 U.S.C.) amended the Internal Revenue Code of 1986 by amending subsection (c) of section 63 to increase the basic standard deduction to \$12,000.00 for the taxable years 2018 through 2025 (and may be adjusted for inflation for tax years 2019 through 2025).
- (2) Section 63(c) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 63(c))

(c) Personal Exemption

- (1) An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, Pub. L. No. 115-97, 131 Stat. 2054 (codified as amended in scattered sections of 26 U.S.C.) amended the Internal Revenue Code of 1986, by adding a new paragraph to Section 151(d), which dictates that the personal exemption amount is zero for the taxable years 2018 through 2025.
- (2) Section 151(d) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 151(d))

4. Adjusted amount determined under Subsection (a-1) of Texas Family Code section 154.125

Office of the Attorney General “Announcement of Adjustment Required by Texas Family Code section 154.125” appearing in 38 TexReg 4647 (July 19, 2013)

**SELF-EMPLOYED PERSONS  
2018 REVISED TAX CHART**

Monthly Self-Employment Income TFC 154.065*	Old-Age, Survivors and Disability Insurance Program (Social Security) Tax (12.4%)**	Medicare's Hospital Insurance Program (Medicare) Tax (2.9%)**	Federal Income Tax****	Net Monthly Income
\$500.00	\$57.26	\$13.39	\$0.00	\$429.35
\$750.00	\$85.89	\$20.09	\$0.00	\$644.02
\$1,000.00	\$114.51	\$26.78	\$0.00	\$858.71
\$1,100.00	\$125.97	\$29.46	\$2.23	\$942.34
\$1,200.00	\$137.42	\$32.14	\$11.52	\$1,018.92
\$1,300.00	\$148.87	\$34.82	\$20.82	\$1,095.49
\$1,400.00	\$160.32	\$37.49	\$30.11	\$1,172.08
\$1,500.00	\$171.77	\$40.17	\$39.40	\$1,248.66
\$1,600.00	\$183.22	\$42.85	\$48.70	\$1,325.23
\$1,700.00	\$194.67	\$45.53	\$57.99	\$1,401.81
\$1,800.00	\$206.13	\$48.21	\$67.28	\$1,478.38
\$1,900.00	\$217.58	\$50.88	\$76.58	\$1,554.96
\$2,000.00	\$229.03	\$53.56	\$87.17	\$1,630.24
\$2,100.00	\$240.48	\$56.24	\$98.32	\$1,704.96
\$2,200.00	\$251.93	\$58.92	\$109.47	\$1,779.68
\$2,300.00	\$263.38	\$61.60	\$120.63	\$1,854.39
\$2,400.00	\$274.83	\$64.28	\$131.78	\$1,929.11
\$2,500.00	\$286.29	\$66.95	\$142.93	\$2,003.83
\$2,600.00	\$297.74	\$69.63	\$154.08	\$2,078.55
\$2,700.00	\$309.19	\$72.31	\$165.23	\$2,153.27
\$2,800.00	\$320.64	\$74.99	\$176.39	\$2,227.98
\$2,900.00	\$332.09	\$77.67	\$187.54	\$2,302.70
\$3,000.00	\$343.54	\$80.34	\$198.69	\$2,377.43
\$3,100.00	\$354.99	\$83.02	\$209.84	\$2,452.15
\$3,200.00	\$366.44	\$85.70	\$221.00	\$2,526.86
\$3,300.00	\$377.90	\$88.38	\$232.15	\$2,601.57
\$3,400.00	\$389.35	\$91.06	\$243.30	\$2,676.29
\$3,500.00	\$400.80	\$93.74	\$254.45	\$2,751.01
\$3,600.00	\$412.25	\$96.41	\$265.61	\$2,825.73
\$3,700.00	\$423.70	\$99.09	\$276.76	\$2,900.45
\$3,800.00	\$435.15	\$101.77	\$287.91	\$2,975.17
\$3,900.00	\$446.60	\$104.45	\$299.06	\$3,049.89
\$4,000.00	\$458.06	\$107.13	\$310.21	\$3,124.60
\$4,100.00	\$469.51	\$109.80	\$321.37	\$3,199.32
\$4,200.00	\$480.96	\$112.48	\$332.52	\$3,274.04
\$4,300.00	\$492.41	\$115.16	\$343.67	\$3,348.76
\$4,400.00	\$503.86	\$117.84	\$354.82	\$3,423.48
\$4,500.00	\$515.31	\$120.52	\$365.98	\$3,498.19
\$4,600.00	\$526.76	\$123.19	\$382.13	\$3,567.92
\$4,700.00	\$538.22	\$125.87	\$402.57	\$3,633.34
\$4,800.00	\$549.67	\$128.55	\$423.02	\$3,698.76
\$4,900.00	\$561.12	\$131.23	\$443.47	\$3,764.18
\$5,000.00	\$572.57	\$133.91	\$463.91	\$3,829.61
\$5,100.00	\$584.02	\$136.59	\$484.36	\$3,895.03
\$5,200.00	\$595.47	\$139.26	\$504.80	\$3,960.47
\$5,300.00	\$606.92	\$141.94	\$525.25	\$4,025.89
\$5,400.00	\$618.38	\$144.62	\$545.69	\$4,091.31
\$5,500.00	\$629.83	\$147.30	\$566.14	\$4,156.73
\$5,600.00	\$641.28	\$149.98	\$586.59	\$4,222.15
\$5,700.00	\$652.73	\$152.65	\$607.03	\$4,287.59
\$5,800.00	\$664.18	\$155.33	\$627.48	\$4,353.01
\$5,900.00	\$675.63	\$158.01	\$647.92	\$4,418.44
\$6,000.00	\$687.08	\$160.69	\$668.37	\$4,483.86
\$6,250.00	\$715.71	\$167.38	\$719.48	\$4,647.43
\$6,500.00	\$744.34	\$174.08	\$770.60	\$4,810.98
\$6,750.00	\$772.97	\$180.78	\$821.71	\$4,974.54
\$7,000.00	\$801.60	\$187.47	\$872.83	\$5,138.10
\$7,500.00	\$858.86	\$200.86	\$975.06	\$5,465.22
\$8,000.00	\$916.11	\$214.25	\$1,077.29	\$5,792.35
\$8,500.00	\$973.37	\$227.64	\$1,180.00	\$6,118.99
\$9,000.00	\$1,030.63	\$241.03	\$1,291.53	\$6,436.81
\$9,500.00	\$1,087.88	\$254.42	\$1,403.05	\$6,754.65
\$10,000.00	\$1,145.14	\$267.82	\$1,514.57	\$7,072.47
\$10,500.00	\$1,202.40	\$281.21	\$1,626.09	\$7,390.30
\$11,000.00	\$1,259.65	\$294.60	\$1,737.61	\$7,708.14
\$11,500.00	\$1,316.91	\$307.99	\$1,849.14	\$8,025.96
\$12,000.00	\$1,326.80***	\$321.38	\$1,966.34	\$8,385.48
\$12,223.40*****	\$1,326.80	\$327.36	\$2,019.24	\$8,550.00

## **Footnotes to Self-Employed Persons 2018 Revised Tax Chart:**

References to “the Code” refer to the Internal Revenue Code of 1986, as amended (26 U.S.C.)

\* Texas Family Code Section 154.065 defines what is included in, and what may be excluded from, self-employment income for Texas child support guideline computation purposes. The values displayed in the first column of this chart are the full amount of net earnings from self-employment income (determined before the deduction required by Section 1402(a)(12) of the Code explained in the next footnote, \*\*).

\*\* The tax rates for self-employment taxes are 12.4% for the Social Security tax and 2.9% for the Medicare tax, however, only a portion of the net earnings from self-employment are subject to these taxes. Section 1402(a)(12) of the Code permits a self-employed person a deduction in net earnings from self-employment (as defined in sections 1401 and 1402 of the Code) equal to one-half of the combined rates. The purpose is to adjust net income downward by the amount that would have been paid by an employer, had the individual been classified as an employee. The sum of these rates is 15.3% (12.4% + 2.9% = 15.3%). One-half (1/2) of the combined rate is 7.65% (15.3% x 1/2 = 7.65%). Self-employed taxpayers compute this deduction by multiplying net earnings from self-employment by .9235 (100% - 7.65% = 92.35%) to determine the portion of self-employment income subject to self-employment taxes.

Social Security tax is owed on the portion of self-employment income subject to self-employment taxes that do not exceed the maximum OASDI Contribution and Benefit Base amount of \$128,400 (for tax year 2018). Medicare’s Hospital Insurance Program (Medicare) tax is owed on the full amount of self-employment income subject to self-employment taxes. Section 1401 of the Code.

Examples:

Monthly Self-Employment Income, TFC 154.065	\$72,000 for the year, or \$6,000 monthly average	\$144,000 for the year, or \$12,000 monthly average
92.35% of self-employment income is subject to self-employment taxes	$\$72,000 \times .9235 = \$66,492$ for the year	$\$144,000 \times .9235 = \$132,984$ for the year
Social Security tax rate = 12.4%	<p>\$66,492 does not exceed the OASDI contribution and benefit base, so \$66,492 is taxed at this rate.</p> <p><math>\\$66,492 \times .124 = \\$8,245</math> for the year, or \$687.08 monthly average</p>	<p>\$132,984 exceeds the OASDI contribution and benefit base, so only the first \$128,400 is taxed at this rate.</p> <p><math>\\$128,400 \times .124 = \\$15,921.60</math> for the year, or \$1,326.80 monthly average</p>
Medicare tax rate = 2.9%	$\$66,492 \times .029 = \$1,928.27$ for the year, or \$160.69 monthly average	$\$132,984 \times .029 = \$3,856.54$ for the year, or \$321.38 monthly average

\*\*\* This amount represents the maximum monthly average of the Social Security tax based on the maximum OASDI Contribution and Benefit Base amount of \$128,400 for 2018. In 2018 the maximum level of Monthly Self-Employment Income subject to the 12.4% Social Security tax is \$139,036.27 per year (the amount before the deduction required by Section 1402(a)(12) of the Code).

Monthly Self-Employment Income, TFC 154.065	\$139,036.27 for the year, or \$11,586.36 monthly average
92.35% of self-employment income is subject to self-employment taxes	$\$139,036.27 \times .9235 = \$128,400$ for the year

Social Security tax rate = 12.4%	<p>\$128,400 is equal to the 2018 OASDI contribution and benefit base, so \$128,400 is taxed at this rate.</p> <p><math>\\$128,400 \times .124 = \\$15,921.60</math> for the year, or \$1,326.80 monthly average</p>
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\*\*\*\*\* These amounts represent one-twelfth (1/12) of the annual federal income tax calculated for a single taxpayer claiming one personal exemption (in the case of a taxable year beginning after December 31, 2017, and before January 1, 2026 the exemption amount is zero), and taking the standard deduction (\$12,000).

The calculation of federal income taxes on self-employment income requires the determination of the total self-employment taxes imposed, as described above. The calculation of federal income taxes permits the taxpayer to reduce net income from self-employment by one half of the actual taxes imposed thereby approximating the employment taxes (Social Security and Medicare) that are paid by an employed person. Section 164(f) of the Code.

Examples:

Monthly Self-Employment Income, TFC 154.065	\$72,000 for the year, or \$6,000 monthly average	\$144,000 for the year, or \$12,000 monthly average
Social security tax	\$8,245 for the year, or \$687.08 monthly average	\$15,921.60 for the year, or \$1,326.80 monthly average
Medicare tax	\$1,928.27 for the year, or \$160.69 monthly average	\$3,856.54 for the year, or \$321.38 monthly average
Total self-employment taxes imposed	$\$8,245 + \$1,928.27 = \$10,173.27$ for the year	$\$15,921.60 + \$3,856.54 = \$19,778.18$ for the year
Tax deductible portion of self-employment taxes. Section 164(f) of the Code	$\$10,173.27 \times 1/2 = \$5,086.64$ for the year	$\$19,778.18 \times 1/2 = \$9,889.07$ for the year
Personal Exemption Section 151(d) of the Code	\$0 for tax years 2018 through 2025	\$0 for tax years 2018 through 2025
Standard Deduction Section 63(c) of the Code	\$12,000	\$12,000
Income amount to be used in the income tax computation	$\$72,000 - \$5,086.64 - \$0 - \$12,000 = \$54,913.36$	$\$144,000 - \$9,889.07 - \$0 - \$12,000 = \$122,110.93$
Income tax computation for 2018	<p><i>If taxable income is over \$38,700 but not over \$82,500, the tax is \$4,453.50 plus 22% of the excess over \$38,700 (Section 1(j) of the Code)</i></p> <p><math>\\$4,453.50 + ((\\$54,913.36 - \\$38,700) \times .22) = \\$8,020.44</math> for the year, or \$668.37 monthly average</p>	<p><i>If taxable income is over \$82,500 but not over \$157,500, the tax is \$14,089.50 plus 24% of the excess over \$82,500 (Section 1(j) of the Code)</i></p> <p><math>\\$14,089.50 + ((\\$122,110.93 - \\$82,500) \times .24) = \\$23,596.12</math> for the year, or \$1,966.34 monthly average</p>

Note: For tax years 2018 through 2025, the personal exemption amount is zero. Section 63(c) of the Code. For 2018, the computations do not include the subtraction of any personal exemptions.

\*\*\*\*\* This amount represents the point where the monthly gross wages of an employed individual would result in \$8,550.00 of net resources. Texas Family Code section 154.125 provides, “The guidelines for the



support of a child in this section are specifically designed to apply to situations in which the obligor's monthly net resources are not greater than \$7,500 or the adjusted amount determined under Subsection (a-1), whichever is greater.” Effective September 1, 2013 the adjusted amount determined under Subsection (a-1) is \$8,550.00. Texas Family Code section 154.126(a) provides, “If the obligor’s net resources exceed the amount provided by Section 154.125(a), the court shall presumptively apply the percentage guidelines to the portion of the obligor’s net resources that does not exceed that amount. Without further reference to the percentage recommendation by these guidelines, the court may order additional amounts of child support as appropriate, depending on the income of the parties and the proven needs of the child.” The tax charts promulgated by the Office of the Attorney General include net monthly income amounts up to the amount specified in Texas Family Code section 154.125.

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## **Citations Relating to Self-Employed Persons 2018 Revised Tax Chart:**

### **1. Old-Age, Survivors and Disability Insurance Tax**

#### **(a) Contribution Base**

- (1) Social Security Administration’s notice appearing in 82 Fed. Reg. 59937 (December 15, 2017)
- (2) Section 1402(b) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1402(b))
- (3) Section 230 of the Social Security Act, as amended (42 U.S.C. § 430)

#### **(b) Tax Rate**

- (1) Section 1401(a) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1401(a))

#### **(c) Deduction Under Section 1402(a)(12)**

- (1) Section 1402(a)(12) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1402(a)(12))

### **2. Hospital (Medicare) Insurance Tax**

#### **(a) Contribution Base**

- (1) Section 1402(b) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1402(b))
- (2) Omnibus Budget Reconciliation Act of 1993, Pub. L. No. 103-66, § 13207, 107 Stat. 312, 467-69 (1993)

#### **(b) Tax Rate**

- (1) Section 1401(b) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1401(b))

#### **(c) Deduction Under Section 1402(a)(12)**

- (1) Section 1402(a)(12) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1402(a)(12))

3. Federal Income Tax

(a) Tax Rate Schedule for 2018 for Single Taxpayers

- (1) An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, Pub. L. No. 115-97, 131 Stat. 2054 (codified as amended in scattered sections of 26 U.S.C.) amended the Internal Revenue Code of 1986 by adding Section 1(j) to include tax rates for the taxable years 2018 through 2025.
- (2) Section 1(j), of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 1(j))

(b) Standard Deduction

- (1) An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, Pub. L. No. 115-97, 131 Stat. 2054 (codified as amended in scattered sections of 26 U.S.C.) amended the Internal Revenue Code of 1986 by amending subsection (c) of section 63 to increase the basic standard deduction to \$12,000.00 for the taxable years 2018 through 2025 (and may be adjusted for inflation for tax years 2019 through 2025).
- (2) Section 63(c) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 63(c))

(c) Personal Exemption

- (1) An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, Pub. L. No. 115-97, 131 Stat. 2054 (codified as amended in scattered sections of 26 U.S.C.) amended the Internal Revenue Code of 1986, by adding a new paragraph to Section 151(d), which dictates that the personal exemption amount is zero for the taxable years 2018 through 2025.
- (2) Section 151(d) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 151(d))

(d) Deduction Under Section 164(f)

- (1) Section 164(f) of the Internal Revenue Code of 1986, as amended (26 U.S.C. § 164(f))

4. Adjusted amount determined under Subsection (a-1) of Texas Family Code section 154.125

Office of the Attorney General “Announcement of Adjustment Required by Texas Family Code section 154.125” appearing in 38 TexReg 4647 (July 19, 2013)