

## Tax Troubles

People who complain about taxes can be divided into two classes: men and women.

--Unknown

The hardest thing in the world to understand is the income tax.

--Albert Einstein

When there's a single thief, it's robbery. When there are a thousand thieves, it's taxation.

--Vanya Cohen

America is a land of taxation that was founded to avoid taxation.

--Laurence J. Peter

We must care for each other more, and tax each other less.

--Bill Archer

I shall never use profanity except in discussing house rent and taxes.

--Mark Twain

The income tax created more criminals than any other single act of government.

--Barry Goldwater

## Another Point of View

The power of taxing people and their property is essential to the very existence of government.

--James Madison

Taxation is the price we pay for civilization.

--Oliver Wendell Holmes

## Local Government (City, County, or Local districts) Provides...

- Local roads, signals, and signs
- Elementary and secondary schools (in part)
- Libraries
- Community parks
- Streetlights and sidewalks
- Police and fire protection
- City courts
- City jails
- Health clinics and hospitals (sometimes)

## State Government Provides...

- State highways and bridges
- State colleges/universities
- Assistance with funding local schools
- State police and highway patrols
- State prisons
- State courts
- State parks
- Job training programs

# Federal Government Provides...

## Goods and Services

- National defense
- Veterans' programs
- Military and economic assistance to other countries
- Foreign embassies
- Agricultural programs
- Transportation
- Assistance to elementary and secondary schools
- Job training programs
- Financial assistance for college students
- The space program
- Energy programs
- Scientific research
- Prisons
- Federal law enforcement (the FBI)
- Tax collection
- National parks
- Federal Reserve System /Currency

## Transfer Payments

- Food stamps
- Housing payments for the poor
- Social Security and Medicare
- Health care for the poor (Medicaid)

## Who Got a Piece of My Paycheck?

You've landed your first job. The local convenience store will pay you \$8.00 per hour. You have agreed to work 25 hours per week. Quick, do the math!

That was the good news. Now, here's the bad news. You, like every other worker, must have some of your money withheld to pay taxes. This is how it breaks down:

First week's wages: . . . . .	\$200.00
Federal Tax Withheld (one exemption claimed on Form W-4): . . . . .	\$9.00
State Taxes (amount varies from state to state): . . . . .	5.00
Social Security Tax Withheld: . . . . .	8.40
Medicare Tax: . . . . .	<u>2.90</u>
<b>Total deductions: . . . . .</b>	<b><u>\$25.30</u></b>
<b>Net Pay (what you take home): . . . . .</b>	<b>\$174.70</b>