

Understanding Taxes



Theme 1: Your Role as a Taxpayer

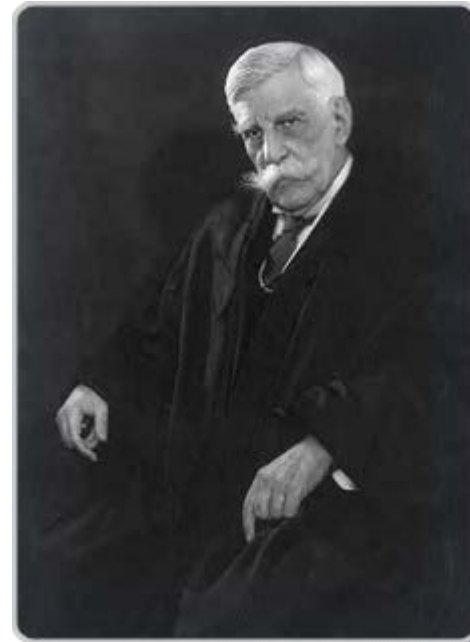




Theme 1: Your Role as a Taxpayer

*“Taxes are what we pay
for civilized society.”*


– *Oliver Wendell Holmes, Jr., 1904*





Theme 1: Your Role as a Taxpayer

Taxes Fund Public Goods and Services



Financial Aid

Social Services

State and
Local Police

Health Care for Elderly

National Defense

Public Education



Early Taxes

- Cooking Oil, Foreigners, Slaves (Ancient Egypt)
- Sales, Inheritance, Imports, Exports (Ancient Rome)
- Beards, Beehives, Boots, Souls (Russia, 1702)
- Bachelors (England, 1695; Missouri, 1820)





The Power to Collect Taxes

- American Revolution caused debt
- Tax was necessary to pay debt
- Article 1, Section 8 of the U.S. Constitution granted Congress power to tax

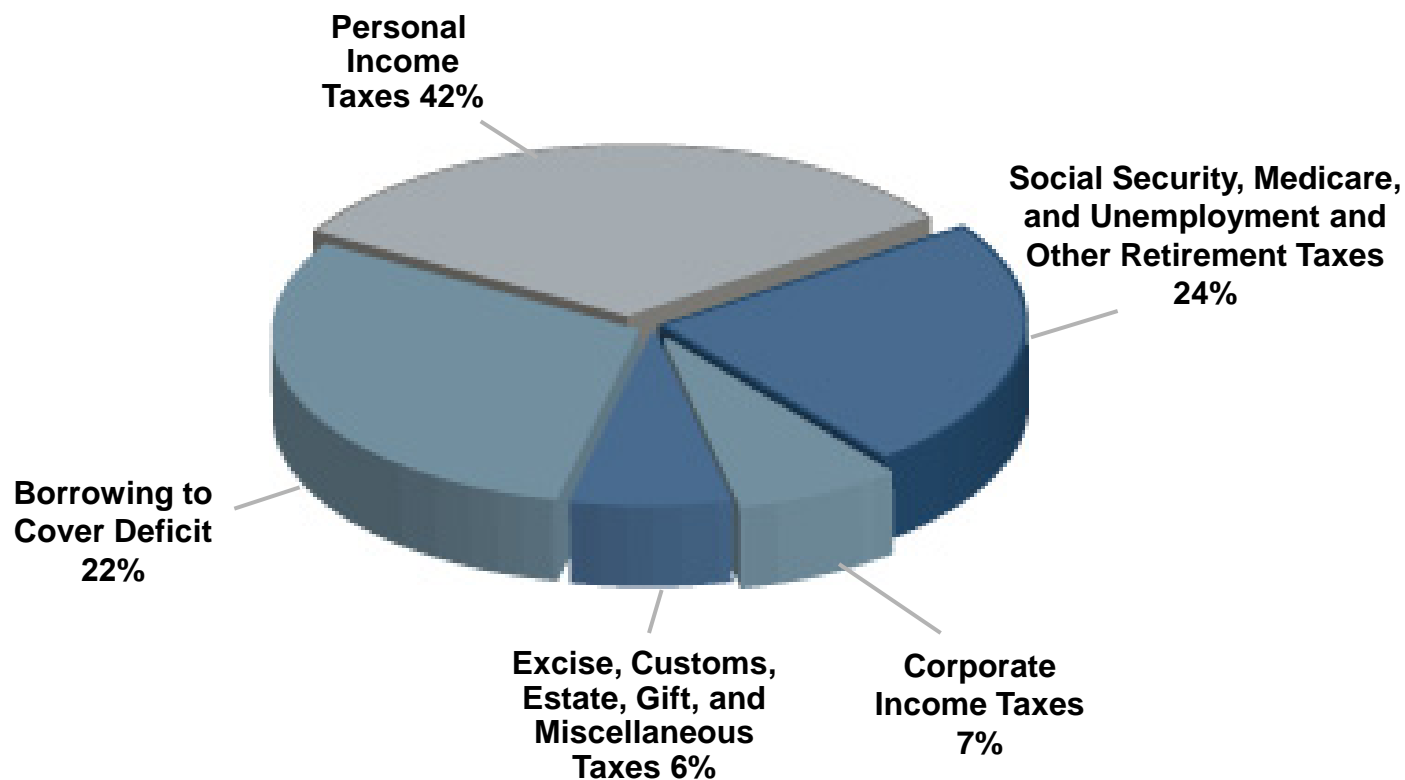


The U.S. Constitution gives Congress power to collect taxes



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The Federal Government Dollar- Where It Comes From

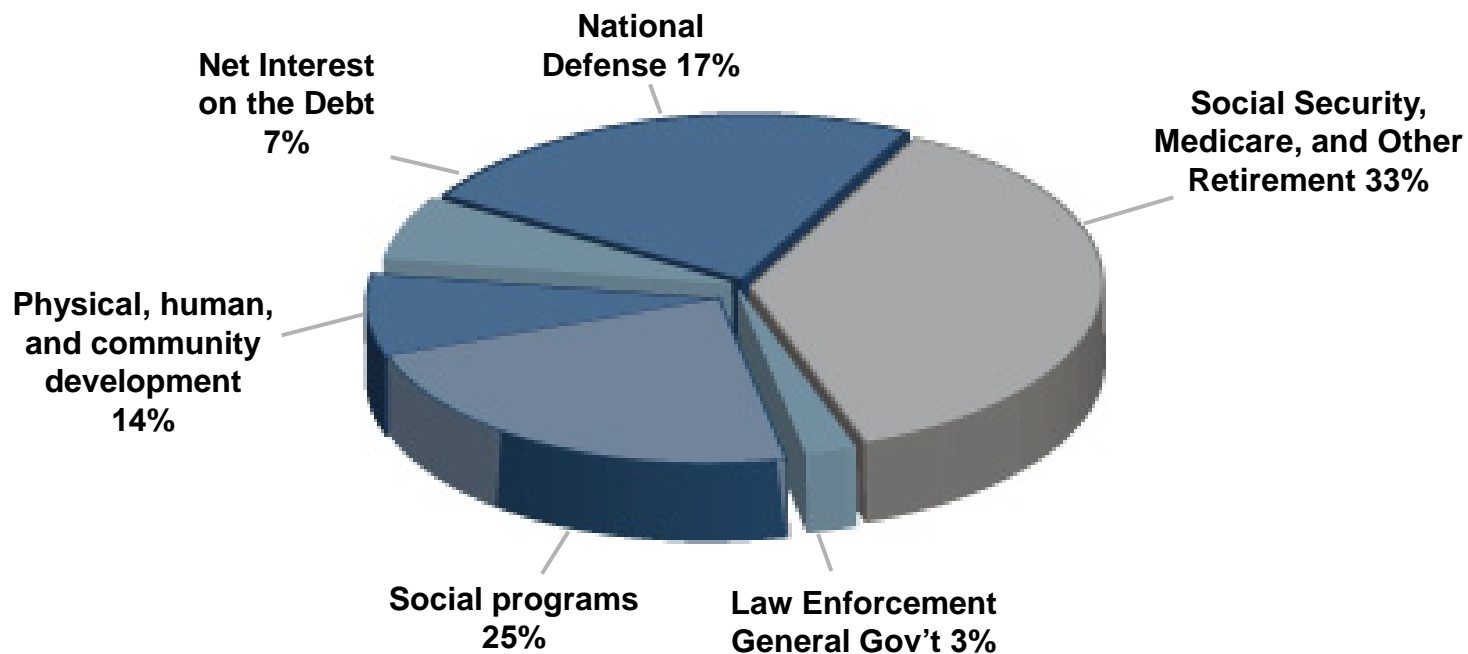


*Numbers may not total to 100% due to rounding



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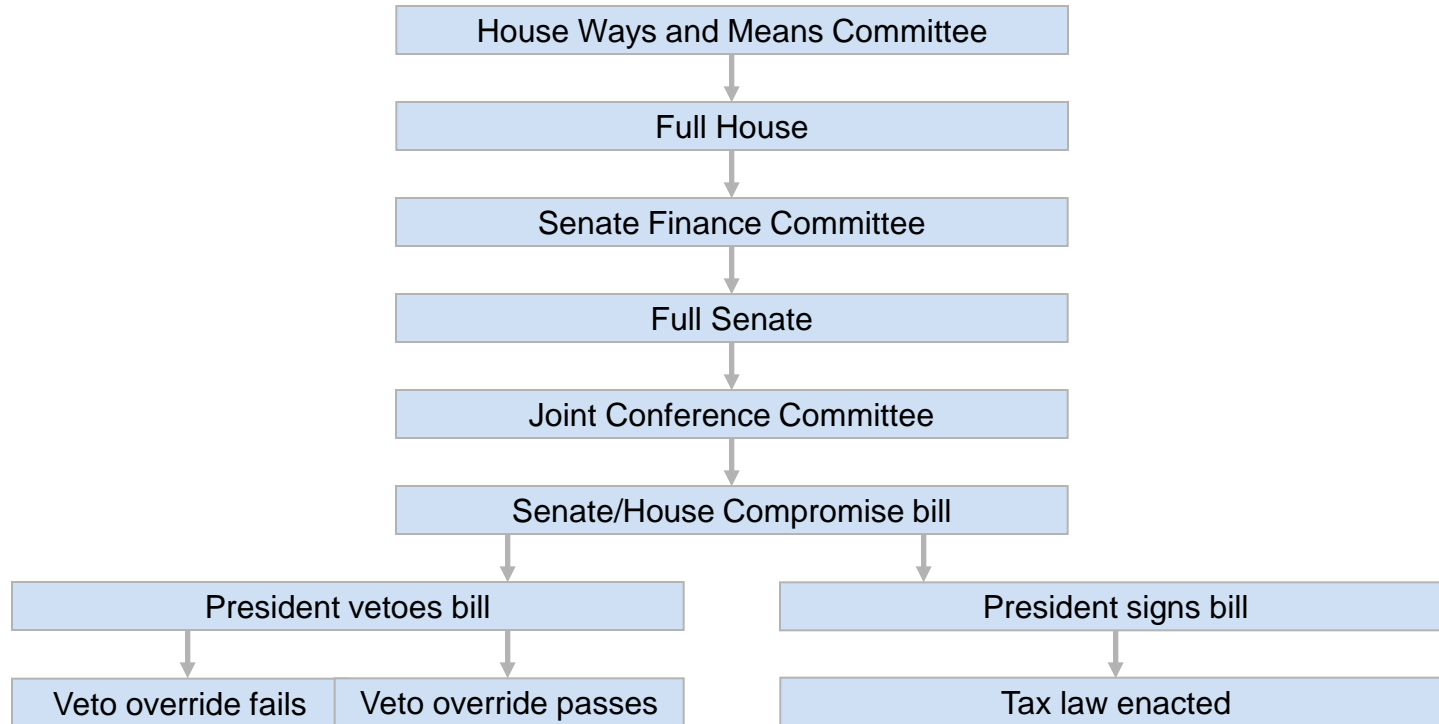
The Federal Government Dollar – Where It Goes



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How Taxes Evolve





Voluntary Compliance

Each person is responsible for filing a tax return





Tax Avoidance versus Tax Evasion

- Tax Evasion: Failure to pay legally due taxes
- Tax Avoidance: Legal means of decreasing your tax bill



Taxpayer Rights

- Information on taxpayer returns is private
- Taxpayers have the right to appeal an IRS decision





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“ *The income tax law is a lot of bunk. The government can't collect legal taxes from illegal money.* **”**

– Al Capone

