Understanding Taxes

Theme 3: Fairness in Taxes
The taxpayer—that’s someone who works for the federal government but doesn’t have to take the civil service examination.

— President Ronald Reagan
Fairness and Taxation
How to Measure Tax Fairness

- Ability to Pay
- Benefits Received
Ability to Pay
Taxes and Benefits Received
Regressive Taxes

Everyone pays the same fixed amount
User Fees

- Fund public services
Progressive Taxes

Higher Income = Higher Taxes
### Tax Brackets

**Approximate U.S. Tax Brackets - 2013**

<table>
<thead>
<tr>
<th>Single Taxpayer</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $9,075</td>
<td>10%</td>
</tr>
<tr>
<td>$9,076 - $36,900</td>
<td>15%</td>
</tr>
<tr>
<td>$36,901 - $89,350</td>
<td>25%</td>
</tr>
<tr>
<td>$89,351 - $186,350</td>
<td>28%</td>
</tr>
<tr>
<td>$186,351 - $405,100</td>
<td>33%</td>
</tr>
<tr>
<td>$405,101 - $406,750</td>
<td>35%</td>
</tr>
<tr>
<td>Over $406,750</td>
<td>39.6%</td>
</tr>
</tbody>
</table>
Wealth and Income

- Wealth: houses, cars, stocks, savings
- Income: wages, interest
Theme 3: Fairness in Taxes

Proportional Tax
FICA & Social Security
Sales Tax Holiday

- July 24
- November 24
- December 28

Tax-Free Holiday

- December 28
Fairness in taxes

Tax Freedom Day

April 21
Tax Freedom Day

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