

Understanding Taxes



Theme 5: Impact of Taxes





“Political work is the
life-blood of all
economic work.”

–Mao Zedong



Goals of Taxation



- Raise revenue
- Be fair
- Influence behavior



Horizontal Equity

Equals should
be taxed equally.





Theme 5: Impact of Taxes

Tax Breaks

Deductions:

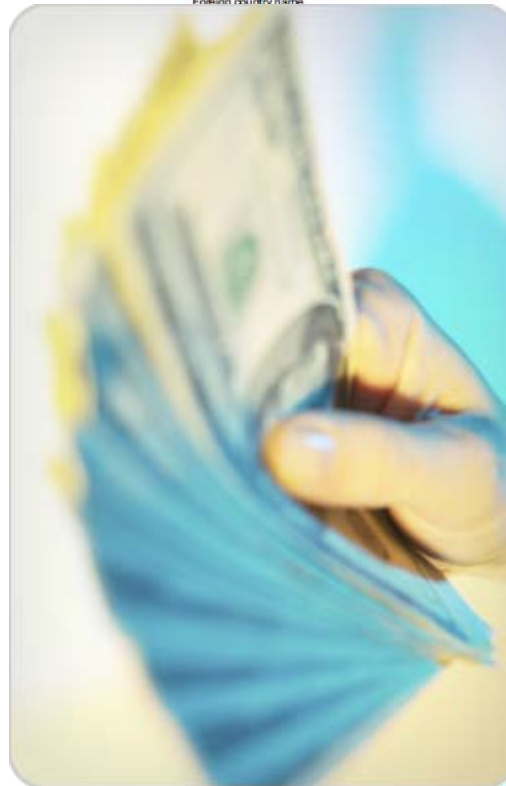
Reduce income subject to tax

Exemptions:

Part of income that isn't taxed

Credits:

Dollar for dollar reduction in tax



Form **1040** Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **20XX** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.
 For the year Jan. 1-Dec. 31, 20XX, or other tax year beginning, 20XX, ending, 20XX. See separate instructions.

Your first name and middle initial Last name Your social security number
 If joint return, spouse's first name and middle initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no.
 City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code
 Foreign country name Foreign province/state/county Foreign postal code

Head of household (HOH) (You must be the only person for whom you can be claimed as a dependent and you must have had income)
 Qualifying surviving spouse (QSS) (You must be the surviving spouse of a decedent who was a decedent for estate tax purposes)
 Name of your spouse. If you checked the HOH or QSS box, enter the child's name if the child is a dependent:
 Are you (as a reward, award, or payment for property or services); or (b) the owner of a digital asset (or a financial interest in a digital asset)? (See instructions) Yes No
 Are you a dependent Your spouse as a dependent or you were a dual-status alien

Are you blind Spouse: Was born before January 2, 1959 Is blind

(2) Social security number	(3) Relationship to you	(4) Check the box if you qualifies for (see instructions): Child tax credit	Credit for other dependents
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>

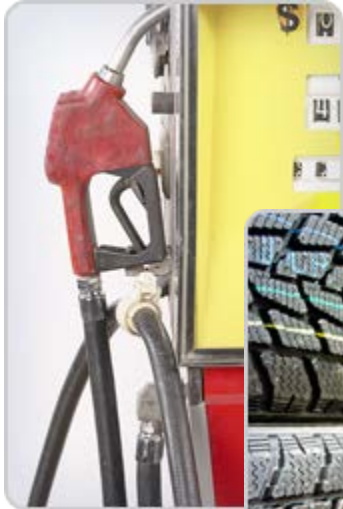
(1) (see instructions)	1a
Wages, salaries, tips, etc. reported on Form(s) W-2	1b
Dividends (see instructions)	1c
Interest reported on Form(s) W-2 (see instructions)	1d
Income from Form 2441, line 26	1e
Income from Form 8839, line 29	1f
	1g
	1h
	1i
	1z
	2b
	3b
	4b
	5b
	6b
	7
	8
	9
	10
	11
	12
	13
	14
	15

13 Qualified business income deduction from Form 8965 or Form 895-A
 14 Add lines 12 and 13
 15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your **taxable income**

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 113208 Form **1040** (20XX)



Excise Tax



Tax on the sale or use of specific products





Sin Tax

Discourages unhealthy behavior





Gasoline Excise Tax

A user tax that generates revenue to build and maintain roadways





Role of Lobbyists

Work to influence
lawmakers' decisions





How to Lobby for Your Cause

Find an issue

Research

Know your legislators

Understand the legislative process

Make your position known

Be brief, persistent, and polite

