Understanding Taxes

Theme 5: Impact of Taxes

 IRS
“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.
Tax Breaks

**Deductions:**
Reduce income subject to tax

**Exemptions:**
Part of income that isn’t taxed

**Credits:**
Dollar for dollar reduction in tax
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