

## **Taxes**

### **Slide 1:**

- Government has three levels:
- Federal, state and local.
- Federal level has three major taxes:
  1. Personal income tax
  2. corporate income tax
  3. social security tax

### **Slide 2:**

1. Personal income tax is the tax a person pays on his or her income
2. federal government and many states have a personal income tax.
3. personal income tax raised 899 billion in 2005. Out of every dollar, 44 cents was from the personal income tax

### **Slide 3:**

1. Corporations pay taxes on their profits.
2. corporate income tax raised 216 billion in 2005 or 10% of the federal tax revenue

### **Slide 4:**

1. Social Security tax is a federal government tax placed on income generated from employment
2. half of the tax is placed on the employer and half is placed on the employee.
3. social security tax raised approximately 790 billion or 38 of the total federal tax revenue

### **Slide 5:**

1. Three other taxes too
2. Sales tax, which are applied to the purchase of a broad range of goods such as cars, computers, clothes, etc
3. sales taxes differ among states. Georgia's sales tax is 4%, Michigans 6%
4. six cents to every dollar

### **Slide 6:**

1. Excise taxes are taxes placed on purchase of certain goods such as tobacco and gasoline.
2. any time you buy gas you pay a excise tax.
3. When you look at the price at the pump, the dollar amount includes the excise tax

### **Slide 7:**

1. Property tax is a tax on the value of property (like a home) it is a major revenue source for state and local governments
2. Property tax is 1.25% and the market price is 300,000
3. property taxes are 3,750 dollars a year or 312.50 a month.

**Slide 8:**

1. Alternative Minimum tax is a tax some people have to pay on top of their regular income tax.
2. Prevents persons with higher income from paying little or no taxes
3. how it works: for a given income, a minimum tax is computed, then if you are paying at least that amount of taxes you don't pay the alternative tax
4. if you make over that amount then you are taxed on that income.

**Slide 9:**

1. Income taxes can be proportional progressive or regressive
2. proportional income tax: everyone pays taxes at the same rate. also known as a flat tax
3. if you make 10,000 dollars you are taxed at 10% and if you make 1,000,000 you are taxed at 10%

**Slide 10:**

1. progressive income tax is one that people pay at a higher rate as their income levels rise
2. for instance if you make 10,000 dollars you might be taxed 10%, while someone making 1,000,000 might be taxed 20%
3. U.S. has a progressive income tax structure

**Slide 11:**

1. Regressive income tax people pay taxes at a lower rate as their income levels rise =
2. from example
3. you pay 10% if you make 10,000 but 8% if you make 20,000

**Slide 12:**

1. Individuals pay an assortment of taxes to the federal, state and local governments.
2. how many days does the average person have to work to pay all his or her taxes?
3. if a person works Jan 1st he would have to work until April 17th before earning enough to pay all taxes owed.
4. tax bill does differ between states.

**Slide 13:**

1. several issues arise when it comes to discussing taxes and the share paid by different income groups.
2. first: define what we mean by “wealthy” americans
3. second: what is a “fair share” of taxes?
4. third: get some idea of what wealth americans pay in taxes compared to their income