

Taxes in the USA



- To tax is to impose a financial charge upon a taxpayer by state.
- Failure to pay is punishable by law.
- Taxes consist of direct tax (income tax) or indirect tax (sales tax), and may be paid in money or as its labor equivalent.



Tax collection is performed by a government agency the Internal Revenue Service (IRS).




Purposes

- Money provided by taxation has been used by states to carry out many functions. Some of these include expenditures on war, the enforcement of law and public order, protection of property, economic infrastructure (roads, legal tender, enforcement of contracts, etc.), public works, social engineering, and the operation of government itself.
- Governments also use taxes to fund public services. These services can include education systems, health care systems, pensions for the elderly, unemployment benefits, and public transportation.

Levels and types of taxation

- The United States has an assortment of federal, state, local, and special purpose governmental jurisdictions.
- Each imposes taxes to fully or partly fund its operations.
- These taxes may be imposed on the same income, property or activity.
- The types of tax imposed at each level of government vary.


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- Income taxes are imposed at the federal and most state levels.
 - Taxes on property are typically imposed only at the local level.
 - Excise taxes are imposed by the federal and some state governments.
 - Sales taxes are imposed by most states and many local governments.

Taxpayers

- Taxes may be imposed on
 - individuals (natural persons)
 - business entities
 - estates
 - trusts
 - other forms of organization

Income tax

- Taxes based on income are imposed at the federal, most state, and some local levels within the United States.
- The U.S. income tax system imposes a tax based on income on individuals, corporations, estates, and trusts.

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- Income tax rates differ at the federal and state levels for corporations and individuals.
 - Individuals are subject to federal graduated tax rates from 10% to 35%.
 - Corporations are subject to federal graduated rates of tax from 15% to 35%.
 - State income tax rates vary from 1% to 16%, including local income tax.

- Federal and state income tax is calculated, and returns filed, for each taxpayer.
- Two married individuals may calculate tax and file returns jointly or separately.
- Some people hire an accountant for tax calculations.

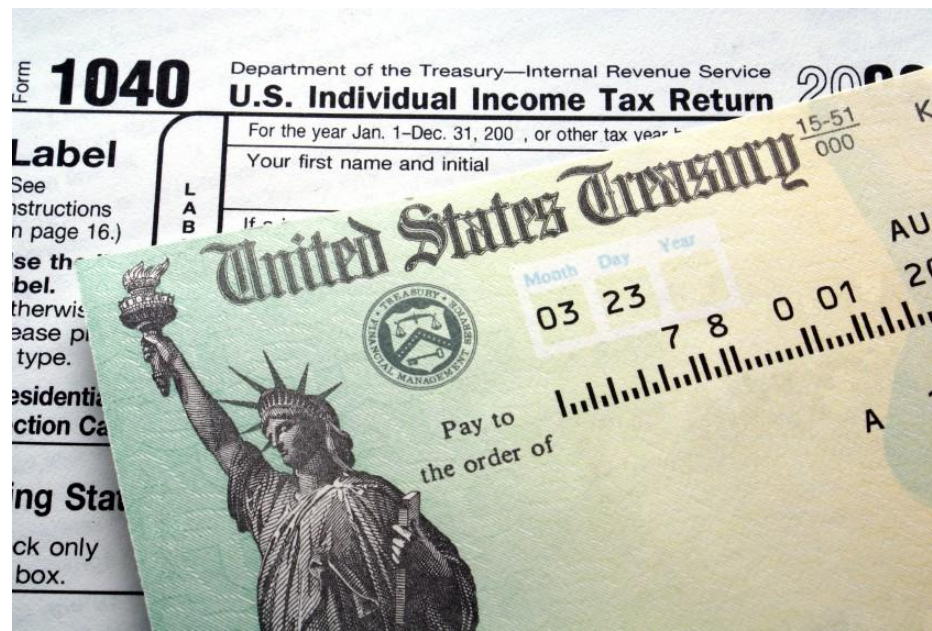


Payroll taxes

- Payroll taxes are assessed by the federal government, all fifty states, the District of Columbia, and numerous cities.
- These taxes are imposed on employers and employees and on various compensation bases.
- They are collected and paid to the taxing jurisdiction by the employers.

Property taxes


- Property tax is based on fair market value of the subject property.
- Most jurisdictions impose a tax on interests in real property (land, buildings, and permanent improvements).



Penalties

- Failure to timely and properly pay federal payroll taxes results in an automatic penalty of 2% to 10%.
- State and local penalties vary by jurisdiction.



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- In some situations public can influence on taxes.
 - For example, if one school district wants more money people vote whether they pay more taxes for it or not.