

ONE COUNTRY, MANY TAXES

Taxes are special fees charged by a government on the people who live in a country, state or city. These fees help pay for public services like police, road and bridge repair, and public schools. In the United States people have to pay national, state, and local taxes. Income tax is a tax applied to how much money a person earns in a year. There are both federal and state income taxes. These have to be paid every year by April 15th. There are special forms the Internal Revenue Service (IRS), the government agency in charge of collecting taxes, asks people to fill out. There are tax credits that people with low income, college students, and parents can get. These credits could mean actually getting money back from the government. This money is called a tax refund. People can get both a federal and state tax refund. Anyone who works has to be taxed regardless of the immigration status. Not paying income taxes could mean a fine or even jail time.

Payroll taxes are taxes that are taken right out of a person's paycheck. There are federal and state payroll taxes. These include Social Security and Medicare taxes. Social Security taxes pay for the retirement and disability benefits received by millions of Americans each year. Medicare taxes pay for the federal health insurance program that covers the elderly and the disabled.

People who own houses pay property taxes. The amount paid depends on how much the property is worth. This tax is usually paid once a year. Sales tax is a tax almost everyone pays. Sales tax is a specific extra percentage charged on nearly all purchases. Everything from soap to furniture has a sales tax attached when bought. The amount of the sales tax is different across states and cities.