

Understanding Taxes

Theme 3: Fairness in Taxes

Fairness in Taxes

“The taxpayer—that’s someone who works for the federal government but doesn’t have to take the civil service examination.”

President Ronald Reagan



Fairness in Taxes

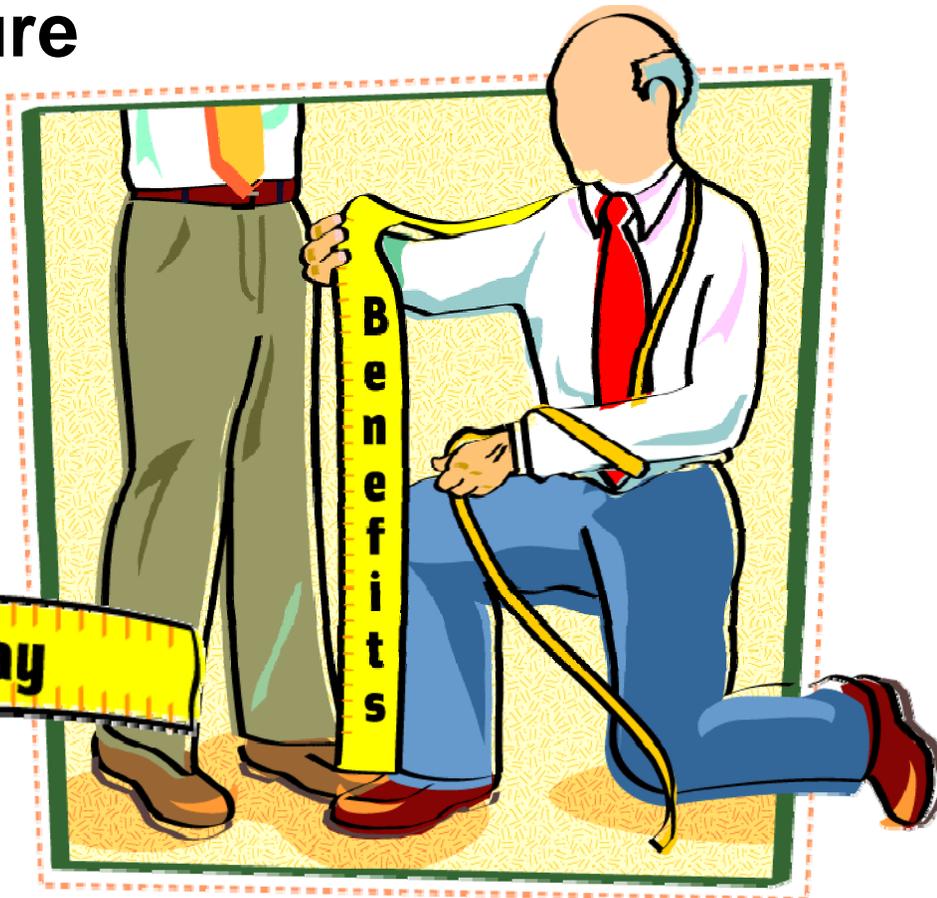
Fairness and Taxation



Fairness in Taxes

How to Measure Tax Fairness

- Ability to Pay
- Benefits Received



Fairness in Taxes

Ability to Pay



Fairness in Taxes

Taxes and Benefits Received



Fairness in Taxes

Regressive Taxes

Everyone pays the same fixed amount



Fairness in Taxes

User Fees

- Fund public services.



Fairness in Taxes

Progressive Taxes

Higher Income = Higher Taxes



Fairness in Taxes

Tax Brackets

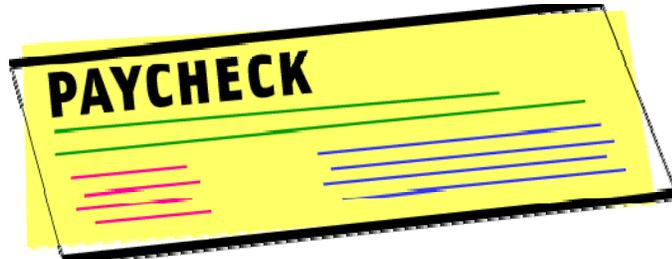
U.S. Tax Brackets - 2007

Single Taxpayer	Rate
\$0-\$7,825	10%
\$7,825-\$31,850	15%
\$31,850-\$77,100	25%
\$77,100-\$160,850	28%
\$160,850-\$349,700	33%
\$349,700-and above	35%

Fairness in Taxes

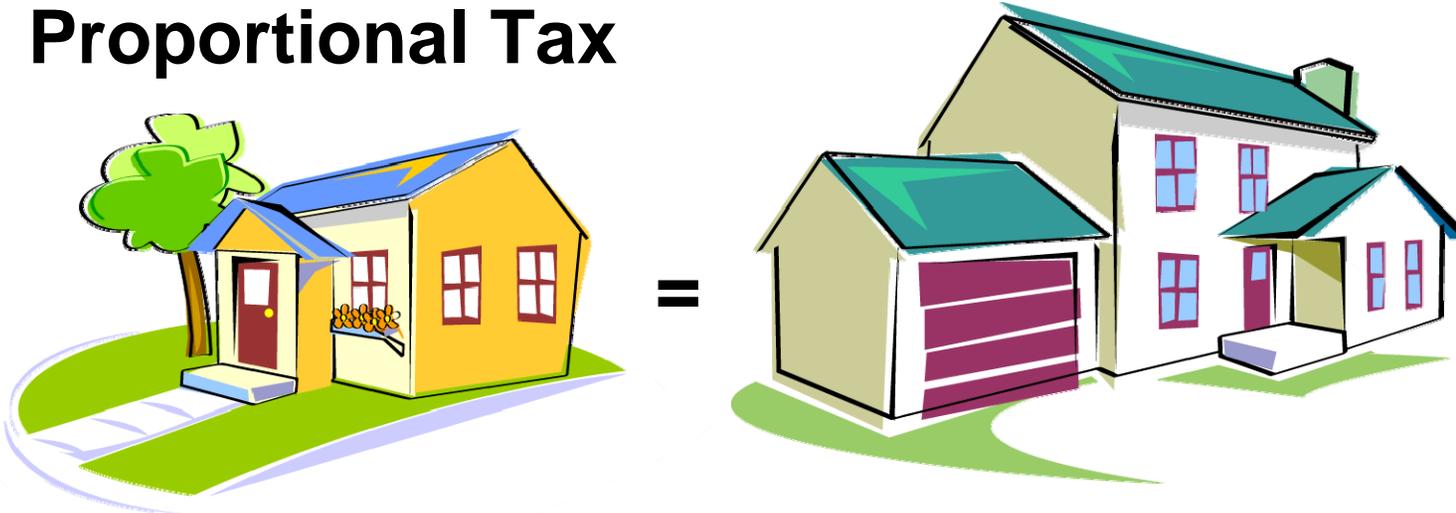
Wealth and Income

- Wealth: houses, cars, stocks, savings
- Income: wages, interest



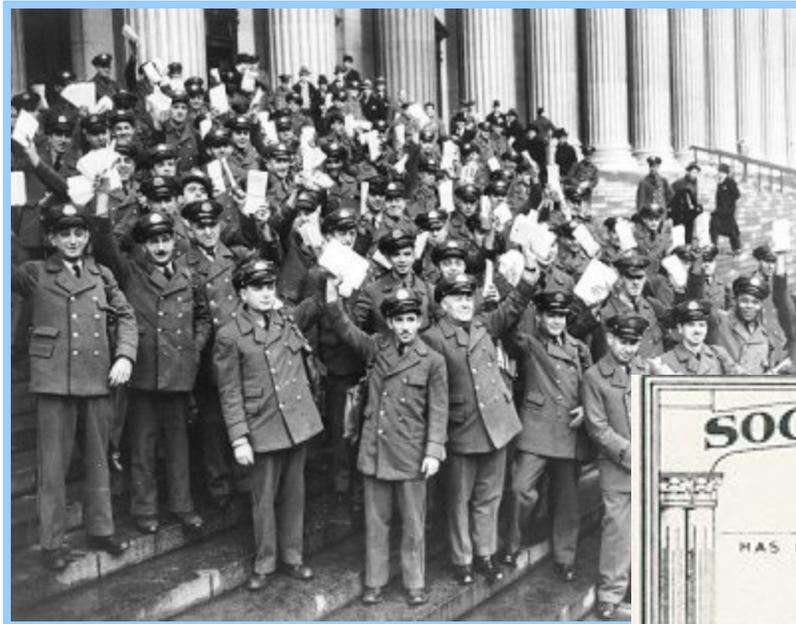
Fairness in Taxes

Proportional Tax



Fairness in Taxes

FICA & Social Security



Fairness in Taxes

Sales Tax Holiday



Fairness in Taxes

Tax Freedom Day

