Name ______________________ Date ____________

Flocabulary

Taxes

Learn more about this topic! Each section gives more detail on one of the lyrics from the song. Read each section, and then respond by answering the question or taking notes on key ideas.

1. Taxes are how governments gain revenue, or money. Revenue is needed for the government to provide public goods and services. Examples of public goods are paved roads, bridges, tunnels, street lights and playgrounds. Public services include public education, fire and police departments and sanitation programs. Taxes also pay for the salaries of government employees. Every government employee, from the president of the US to your local firefighters and garbage collectors, gets their salary from taxes.

Notes

2. People usually get taxed at three levels: federal, state and local. Federal taxes are collected by the IRS, the Internal Revenue Service. Federal taxes are generally in the form of income taxes. That's when a percentage is taken out of paychecks or other income. Income taxes are used to pay for federal goods and services, like interstate highways, the military and national parks. The federal programs Social Security and Medicare are also funded through income taxes. Income tax is why net pay, or the money a person actually receives, is less than gross pay, or the total amount of money they earn.

Notes

3. There are so many different income tax laws that sometimes people end up having too much or too little money taken out of their paychecks. Every year on or around April 15, working people must file their tax forms. These forms show how much money they earned over the past year and how much they have paid in taxes. Based on the information on their forms, they may have to make a payment. This money is collected by the IRS. If they have paid more than their share, they may receive a tax refund. It's important for people to include money for taxes in their budgets, in case they have to pay the IRS.

Notes

4. State and local governments collect revenue through sales and property taxes. In many states and cities, a sales tax, sometimes called a transaction tax, is added to purchases like clothing, restaurant meals and toys. For example, the sales tax in New York City is 8.875 percent, so an item's actual cost is 1.08875 times the price on the sticker.

Property taxes are a tax that the government places on the value of things you own. These taxes are often placed on houses, apartments, land and other real estate. They are percentage-based, so the amount of tax depends on the value of the property. Like sales taxes, property taxes are not equal everywhere. Different states, cities and towns have different tax rules.

Notes