

Why We Pay Taxes

Lesson: State and Federal Taxes

Hardly anyone enjoys paying taxes, but without taxes, we would not enjoy the many services provided by the government. Our federal government uses the taxes we pay to provide services like Social Security and Medicare, invest in technology, and defend our country. Local government taxes provide public transportation, police and firefighters, road repair, libraries, schools, and many more services we use in our daily lives.

What happens if you don't pay your taxes? The Internal Revenue Service (IRS) is responsible for monitoring the payment of taxes and has the ability to charge penalties or seize assets at the federal level. Each state has similar authority for unpaid state taxes. Penalties include late fees, interest, and in extreme cases, seizure of assets.

IRS penalties are most often triggered by these four basic taxpayer offenses:

1. Not paying what is owed
2. Not filing a tax return at all
3. Not paying enough taxes throughout the year
(Paycheck withholdings or estimated taxes too small)
4. Not filing/paying on time

Objective

Understand the possible consequences of failing to pay taxes.

Activity

One important thing our taxes pay for is fire engines. Ask students how many fire engines they think our city owns. Have them research the cost of various types of new fire engines and estimate the total expense.



Discussion:

Lead a class discussion about the impact of taxes on the government budget:

- If you had a job where you were paid weekly and your employer did not pay you for two months, how would this affect you?
- What might happen if a large number of taxpayers did not pay their taxes?
- Why are taxes collected from each paycheck, rather than at the end of the year?