

Unit 5, Lesson 29

Visual 1

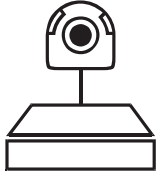
CATEGORIES OF FEDERAL TAXES AND SPENDING

FEDERAL TAXES

- Individual income taxes
- Social insurance taxes
- Corporate income taxes
- Excise taxes
- Estate and gift taxes
- Customs duties

FEDERAL SPENDING

- Social Security
- National defense
- Medicare
- Interest on the debt
- Health and human services
- Transportation
- Agriculture
- Education and training



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Visual 2

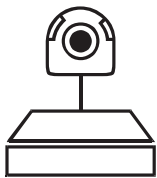
CATEGORIES OF STATE AND LOCAL TAXES AND SPENDING

STATE AND LOCAL TAXES

- Sales taxes
- Property taxes
- Individual income taxes
- Corporate income taxes

STATE AND LOCAL SPENDING

- Education
- Health and welfare
- Transportation
- Civilian safety

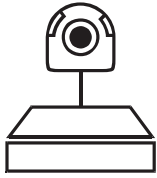


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Visual 3

WHY DO PEOPLE DISLIKE PAYING TAXES?

1. Government can coerce people.
 - Most economic transactions depend on voluntary exchange.
 - Government has the exclusive right to coerce individuals to pay taxes.
2. Costs are obvious; benefits are not.
 - Government spending of tax dollars diminishes the link between payment and individual consumption.
 - Usually, when consumers make a purchase, they see a direct benefit from the goods or services they receive.
 - When people pay taxes, the benefits (from national defense or cancer research, for example) are often delayed, indirect, or spread out so thinly that people may see little benefit from their payments.



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Visual 4

CRITERIA FOR A FAIR TAX

1. Ability to pay
 - Proportional (flat tax)
 - Progressive tax
 - Regressive tax
2. Efficiency
3. Simplicity
4. Benefits received