



Plain Text Edition

Follow the Money: **The U.S. Budget and You**

Part 3: What are taxes?

3. What are taxes?

We live in a country together. As a country, we have decided that some things are important to all of us. For example:

- Safe roads to travel on
- Good schools
- Clean water to drink
- Services for people with disabilities

A long time ago, our country decided that the government should be in charge of making sure these important things happen.

Making important things happen costs money. Paying teachers costs money. Building roads costs money. Services for people with disabilities costs money.

The government needs money to pay for these important things. Since everyone needs these things, we all pay the government a small amount of money. The money that we pay the government is called "**taxes.**"

There are many different kinds of taxes. For example:

- A business gives the government some of the money it makes. This is called a **corporate tax.**
- If you have a job, you have to give some of the money you make to the government. The money you make is called "income," so this kind of tax is called an **income tax.**
- When you buy something, part of the money you spend goes to the government. This is called a **sales tax.**

These are only some of the kinds of taxes. There are many other kinds of taxes.

Remember, governments use the money they get from taxes to pay for many different things. Taxes pay for things like:

- Roads
- Schools
- Police
- Science research to look for cures for diseases

Taxes also pay for disability services and benefits you might use every day, like:

- Medicaid or Medicare might pay for your health care. This includes going to the doctor or any medicine you might need.
- Social Security might help you pay for food, rent, and toilet paper.
- The Low Income Home Energy Assistance Program (LIHEAP) might help you pay for light and heat at home.
- The Supplemental Nutrition Assistance Program (SNAP) might help you pay for food.
- Section 8 housing vouchers might help you pay rent so you have a place to live.
- You might get help finding a job from Vocational Rehabilitation.
- The Food and Drug Administration checks to make sure the food you eat is clean and safe. Sometimes the Food and Drug Administration is called the FDA.

- The National Institutes of Health study new cures for diseases. Sometimes the National Institutes of Health is called the NIH.
- Protection and Advocacy can help you get a lawyer if you are in trouble or if someone is hurting you.

These are only some of the things that tax money pays for.

If the government gets less tax money, then the government can't pay for all of these things. If the government gets more tax money, then the government can pay for more things.

For example, imagine you are at the store. You want to buy soup to eat. If you have more money, you can buy more cans of soup. If you have less money, you can't buy as many cans of soup. It is the same for the government. The government can spend more money on services when it has more money from taxes.

People sometimes argue about taxes. People disagree about what is fair and what the government should do. Some people think we should give the government less money, even if that means the government gives us fewer services. Other people think the government should give us more services, even if that means we need to give the government more more money.