

Government taxation



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Government Taxation Taxes may not be something that citizens enjoy paying. Although they are not in public favor when it comes to increases, they keep the government running and operating on a level that can maintain everyday life. The collecting of these taxes is the one of the best forms of income the government receives. This is so since citizens are taxed on just about everything to do with income. There are three different types of taxes that the government collects on. Income taxes are collected through tax returns like federal or individual states. Sales tax is collected on everyday purchases. Property taxes are collected by home and business owners to pay city governments. Each one of these forms of collections plays a part in adequacy of revenue production, equity, economic effects, collectability and transparency. It is important to understand how these taxes are received and used through government spending. The government can predict the amount received based on the economy. Income tax is a large part of the receivable taxes that the government receives. Income taxes are collected from every individual who receives income. Even out of state residents are taxed. (Wildasin2010) All income made is reported to the IRS and taxed. Economic effects play a role in how much income tax is being received by the government. When individuals are not working and receiving income, the government is affected. The more income floating thorough the economy means more collectability for the government. The collectability is achieved when individuals and business file their tax returns. The filing of federal and state income tax returns allows for payment or the amount of income tax owed or is directly withdrawn from the payer's income. The government has equity in the income that is made by individuals. The equity is in the form of taxes. This is true because individuals owe taxes. Owing the

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taxes is what allows the government equity. Sales tax is another important way that the government collects on taxes. Sales tax offers the government a steady form of collectability. Any purchase made in the United States for sales and services is issued sales tax. This sales tax is paid by the purchaser to the provider and then issued to the government as sales tax. Sales tax goes to both state and federal branches. This is comparable to income tax because the government has equity in the sales and services that are made throughout the country. Economic affects also reduce or increase the amount of sales tax that is collected. More sales mean for more sales tax and less sales mean a decrease in sales tax. Property taxes are similar to income and sales tax but with a few differences. Property taxes are payable to the government for any form of property. Forms of property include real estate, commercial real estate and city taxes. Basically, the government taxes citizens for any type of property owned by the individual. Local and city branches benefit from property tax the most. The collectability is not solely for the federal government and taxes received benefit state and city government. The economic effects on property tax are great. The more property owned creates more property taxes. Since almost all property is owned, the economic effects on the economy due to property taxes are not as profitable as other forms of government tax like income or sales. The government also holds equity in property like other taxations. When property is owed tax, the government can seize the property if taxes are not paid. It is apparent that taxes are necessary to keep the government operating efficiently. Taxation for property, sales and income tax are important and can be compared and contrasted. The similarities and differences are dependent on the economy and which form of government is receiving the

tax. This is why it is important to understand which forms of tax are necessary and why they are necessary. References Wildasin, D. E. (2010). State Corporation Income Taxation: An Economic Perspective on Nexus. *National Tax Journal*, 63(4), 903-924. Retrieved from EBSCOhost.