

ECONOMICS REPORT - Tax Time in U.S.*By Mario Ritter*

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This is Bob Doughty with the VOA Special English Economics Report.

April fifteenth is a special date for Americans. But it is no holiday. It is tax day. It is the last day to pay any federal taxes owed on earnings from the year before.

The Constitution gives Congress the power to establish federal taxes. State and local governments can also tax. But the idea of national taxes took time to develop. Not everyone liked the idea.

In seventeen-ninety-one Congress approved a tax on whiskey and other alcoholic drink. Farmers in western Pennsylvania who produced alcohol refused to pay. They attacked officials and burned the home of a tax collector.

America's first president, George Washington, gathered almost thirteen-thousand troops. The soldiers defeated the so-called Whiskey Rebellion of seventeen-ninety-four. It was one of the first times that the government used its powers to enforce a federal law within a state.

At first the United States government collected most of its money through tariffs. These are taxes on trade. In the late eighteen-hundreds, Congress began to tax people's pay. The Supreme Court rejected the personal income tax. But, in nineteen-thirteen, the states passed the Sixteenth Amendment to the Constitution. This gave Congress the right to tax income.

Today, personal income tax provides the government with more than forty percent of its money. Taxes collected to pay for retirement programs and other services provide thirty-five percent. Income taxes on businesses provided seven percent of federal money in two-thousand-two. And the government collects other taxes, including customs.

The Internal Revenue Service collects federal taxes. The I.R.S. is part of the Treasury Department. Most taxpayers do not owe the agency any money on April fifteenth. Their employers have taken income taxes from their pay all year and already given it to I.R.S. In fact, most people get some money back. But tax laws are often criticized as too complex.

The United States has what is called a progressive tax system. Tax rates increase as earnings increase. This year people who earn more than three-hundred-twelve-thousand dollars are taxed at thirty-five percent. That is the highest rate. Individuals who earn less than seven thousand dollars pay no income tax, but they do pay other taxes.

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