

Taxes

We give up the freedom to keep every dollar we earn in exchange for having a military that defends us against foreign invaders, a police department that catches criminals, funding of institutions that discover new science, and much much more. No one doubts we need these things, but people are unhappy that god forbid they have to be the one that pitches in for a society that follows rules and maintains roads.

In order to get around the human nature of not wanting to contribute toward the common good, the people that run the world have figured out many ways into forcing assholes to pay their fair share to the government. The one you are most likely to see are sales taxes, which is a stupid policy and adds 2-10% to most things you buy, you aren't required to do any paperwork for this so that isn't what this article is about. There are also property taxes for people that own land and buildings; you are too poor to own property and buildings otherwise you wouldn't be reading this article. And then there are INCOME TAXES, which every other country does for you but in America you have to figure out how to do it yourself, then the government sends you to jail if you do it wrong after they double check your work.

So with those stakes, lets get started.

What people don't realize is you can easily do your own taxes and mail it to the IRS (Internal Revenue Service). This is done through IRS form 1040. If you go to the link below, you will find the form, and more importantly, the form INSTRUCTIONS. Read the instructions at some point so you get how the websites work.

<https://www.irs.gov/forms-instructions>

If you make less than 60k a year or something, you don't have to pay to use most tax websites (except turbotax and hr block, they were mad the government made their own tax software so they took away their free file services. Fuck them. Never use them.)

<https://www.freetaxusa.com>

I use freetaxusa. IRS also has a few others that will file your taxes for free.

<https://www.irs.gov/filing/irs-free-file-do-your-taxes-for-free>

So what actually happens? Well you owe taxes to the united states government, and possibly the state you live in (texas and florida are the land of the free and have no income taxes, and it really sucks to live there if you are poor. New York, Illinois, and other civilized places have income taxes). Make sure you pay both. If you live in new jersey and work in nyc, you owe some taxes to both.

The united states federal government collects income taxes and some payroll taxes.

Income Tax

Some people think if you make more money, you can get taxed so much that you actually take home less money. These people are misinformed, you will always take home more money the more you make. This is because we have TAX BRACKETS! So it works like this

0-20k: No taxes

20k-40k: you pay 5% of this money

40k-60k: you pay 15% of this money

60k-150k: you pay 20% of this money

150K+: you pay 30% of this money.

So if you made \$50,000 dollars last year, the first 20k isn't taxed. Then the 20k you made after that is taxed at 5%, then the last 10k you made is taxed at 15%. So $5\% \times 20k = \$1,000$ and $15\% \times 10k = \$1,500$, so you owe \$2,500 in federal income taxes.

Now it isn't this easy. There are lots of programs that government has to save you money on your taxes, most of these are "tax deductions", which lowers the income you used to calculate your taxes. So if you have a \$5,000 tax deduction, that means you subtract that from your yearly income, so $\$50,000 - \$5,000 = \$45,000$, so you calculate your taxes as if you made 45k. This is different from a tax credit, which straight up reduces the tax you owe. So if you have a \$5,000 tax credit, you still calculate your taxes as if you made 50k a year, but then you subtract \$5,000 from the final result. So you originally owed, \$2,500, then you subtract the 5k tax credit, so now you owe -2,500. Wait thats negative, so the government owes you money? Yes they do. Thats why the child credit is really important.

Okay so I just pay the government at the end of the year? WRONG. Your employer is legally required to withhold money from your paycheck (unless you are a 1099 contractor, which sucks, you have some paperwork and learning to do if your tax document says 1099 instead of w-2). So you actually end up paying taxes out of every paycheck so the government has a consistent source of revenue. When you calculate your taxes, you compare the money you owed with how much you already paid, and then you pay the difference. You'll often overpay, so you get a refund when you file your taxes! You can adjust your withholding with your employer (they uses numbers, either a 0,1,2). Some people don't trust themselves with money, so they want to overwithhold and get an extra payday. The smart decision is withhold as little as possible so you can put that money in a high interest savings account, then owe money in tax season.

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