



What Are Taxes?

How Do We Pay Them?

In California, people pay taxes based on their income and the price of things they sell to others. They fill out paper forms (tax returns) to figure out how much money they owe. Then they mail the returns (file them) and pay the money to the state and federal taxing agencies at least once a year.

If people work for wages (employees), their tax is taken out (deducted) of their paychecks by their employers. Employers also owe additional taxes based on their employees' wages. Employers make payments (deposits) for all of these taxes and file tax returns. Employees still file their own returns, but they get credit for the money that was already deducted from their paychecks and sent to the government.

If people aren't employees, they are self-employed. The self-employed have to make four payments during the year (estimated tax deposits).

People and businesses that sell things also have to make payments of the tax money they owe on their sales.

Tax money is used by the government to pay for roads, schools, police, welfare, courts and other government functions.

For more information, ask your community organization about the basic tax awareness video and booklet titled, "Striking Gold in California." If your organization needs a copy, it can get one by calling (916) 974-5247.