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The Taxing Season: What do your taxes fund?

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The Taxing Season

What do your taxes fund?

Tax season is upon us. Last month we examined websites that evaluate Bush's tax cuts. This month we find web sites that offer free income tax advice. Since most of us work till May in order to just pay off our taxes, approximately 5/12 of our income goes to someone other than ourselves or our families. I've always felt it would be nice to be able to earmark my tax return for specific government services. The reality is that approximately half your money goes to the military according to

War Resisters.org

<http://www.warresisters.org/piechart.htm>

Their figures are taken from the "Analytical Perspectives" book of the Budget of the United States, Fiscal Year 2007.

<http://www.whitehouse.gov/omb/budget/fy2007/index.html>

This site has a superb explanation of the budget and tips on how to analyze the tables. Since I've already covered the U.S. Budget in a previous column, I'll just let you explore this one. It looks a bit drab, but the information far surpasses the design.

The IRS

It would be futile to not mention the IRS' website, since this is the agency responsible for originating your tax woes. Though there are many sites offering free tax advice, only the IRS has your personal records. For example if you forgot to cash your check last year, they would hopefully have a record of this. Their toll-free help line is abysmal. From personal experience I can tell you that you will likely be on hold with a message assuring you that your call is important to them, at which point, after an hour, you will be unceremoniously disconnected. For this reason it's best to be able to navigate electronically as much as possible. The usability of the IRS site has declined significantly since the Bush administration. The jazzy graphics are gone and the site appears much more serious and patriotic. The search engine for forms is inefficient, so I suggest using the topical index. In the pull-down window, select: I need to: "find forms & publications."

<http://www.irs.gov/>

The Tax Code

Let's face it. All tax tips originate with the tax laws themselves. The collected volume of these laws is called the Internal Revenue Code or the IRC. You can view the IRC online at the Cornell Law School's website.

http://www.law.cornell.edu/uscode/html/uscode26/usc_sup_01_26.html

The IRC is title 26 of the United States Code. Keep in mind that though Cornell does house the latest version of the USC, codified laws are occasionally modified through Congressional rulings. The Cornell site provides instructions for updating the IRC.

The Federation of Tax Administrators publishes useful information on state taxes. Their state tax rate schedule is online as a pdf at:

http://www.taxadmin.org/fta/rate/ind_inc.html

The FTA serves to help state tax administrators protect their states from federal policy makers. They provide information and research to state tax coordinators and administrators. Though this site was not intended for individuals, the information is nonetheless useful for the taxpayer.

GovSpot

A good place to learn more about tax code, deductions, and a plethora of other topics is GovSpots's Tax Center.

<http://www.govspot.com/tax/>

The forte of GovSpot's Tax Page is its directory of federal and state tax information, forms, and links to tax advice. However though the site is very well organized, there actually is very little original information here. There are loads of useful links, such as "what can I deduct for charity," or the "glossary of tax terms," but you most likely will be referred to an FAQ on the IRS page or some commercial websites with similar information. The biggest benefit is having all the tax information organized into one directory, because quite honestly, their pathfinder is better than that of the IRS. Another caution is that some links are outdated. The latest state tax forms for my state are seven years old(!) GovSpot does offer some very useful quick tips so despite its faults, it is worth a look. It is easy for example, to quickly ascertain which states collect no personal income tax.

<http://www.govspot.com/know/incometax.htm>

GovSpot also links to several commercial sites including MSN Money, Yahoo's Tax Center and H & R Block. These sites are marginally useful and are often out of date.

Commercial Tax Sites

Of these commercial sites, H & R Block has the most current collection of tax law changes. They also offer many useful free tax tips for deductions, credits, and estate planning.

http://www.hrblock.com/taxes/tax_tips/index.html

MSN Money publishes original articles and serves best as a popular financial magazine.

<http://moneycentral.msn.com/tax/home.asp>