

Why Do I Have to Pay Taxes?

Government services cost money. Taxes fund those services.

Your federal taxes pay for things like:



Social Security

Medicare and Medicaid



Federal infrastructure (interstate highways, etc.)

Safety net programs (food stamps, housing assistance programs, etc.)



National defense (the military, border protection, Homeland Security, FBI, CIA, etc.)

State taxes pay for things like:



Upkeep on local infrastructure (roads, the sewer system, bike lanes, stop lights, etc.)



Transportation (public busses, light rail)



Corrections facilities (prison, jail)



State judiciary (judges, trials, public defenders, etc.)



Benefits for public employees



Public schools



Parks and recreation departments



Local police, fire departments and first responders



Local government officials (legislators, municipal government, city council, etc.)



Local regulatory agencies that decide on things like property zoning

What is tax evasion?

People commit tax evasion when they knowingly fail to file their taxes. If you make mistakes on your taxes or fail to pay the full amount you owe on your taxes, you're violating the tax code, not committing tax evasion.

What should I do if I didn't file taxes this year or the past several years?

Your best course of action will be to speak with an accountant or tax filing professional. They can explain your options and the steps you need to take to get caught back up. You should be prepared for:



Paying some penalties, which could range from a late filing penalty of 5% per month for the first 5 months or up to 25% of your total tax bill per year



Paying interest on what you owe to the IRS



Losing your refund if you would have been entitled to one (you may still be able to get part of a refund for late tax payments depending on the circumstances, but only if you file within three years of when your taxes for the year were due)



Potentially being audited (the IRS usually only audits for suspected mistakes – not for just being late – but sometimes people try to put years of income into one year's filing to catch up, which will raise big red audit flags for the IRS)



The IRS working with you on a payment plan

If you haven't filed in years and are worried about not being able to pay, it's still better to file now and stop the buildup of interest and penalties. The IRS is open to working with people on payment plans for back taxes so catching up won't be a significant detriment on their lives.

Are You Worried About Back Taxes or Just Need Help Filing for 2020?
H&H Accounting Services Provides Business and Personal Income Tax Filing Services
Call Us at **(480) 561-5805** to Learn More or Schedule FREE a Consultation

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