Taxes Don't Hate You

They Built Your School - A Kids Adventure Workbook (Ages 5-14, Bring One Grown-Up)

“Every adult you know complains about taxes and almost none of them can explain one. In about an hour you will be able to - starting with the thirty-three cents the register added to your four-dollar toy.”

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A PREMIUM LESSON · CHARTS · REAL EXAMPLES · ACTION STEPS · GLOSSARY

WHAT YOU WILL MASTER

- Say what a tax actually is in one sentence: money a lot of people chip in so the group can buy things no single person could buy alone.
- Find the sales tax on any price tag before you reach the counter - and work backward from the money in your pocket so you are never short by ninety-one cents again.
- Explain why a first paycheck is smaller than the wage, and name the three numbers on every pay stub: gross, taxes, net.
- Walk your own street and point at five things taxes paid for that you personally used this week.
- Bust the biggest tax myth at your dinner table: brackets are a staircase, not a cliff, and a raise never makes anyone take home less.
- Recognize the three first-job pieces of paper - W-4, W-2, and the yearly return - and know what a refund really is (your own money coming back, not a prize).

What a Tax Actually Is: A Group Buy With Rules

Here is the whole idea, and it is not complicated. A tax is money that a lot of people put into one pot on purpose, so the group can buy something that none of them could buy alone. That is it. That is the machine. A road costs more than any one family has. A fire truck costs more than any one family has. A school costs way more than any one family has. So instead of everybody trying and failing to buy their own road, everybody puts in a share, and the group ends up owning a road.

The part that makes it a tax and not a bake sale is that it is required, and the rules are written down. People who get elected decide who pays, how much, and what the pot buys. Those rules get argued about constantly, and that argument is called politics - grown-ups are allowed to disagree loudly about it, and they do. This workbook is not about that argument. It is about the machine itself: where the money comes from, where it goes, and how to see it happening around you today.

There is not just one tax, either. There are several, and they come from different places. Sales tax shows up at the store counter. Income tax comes out of a paycheck. Property tax comes from whoever owns a house or land. Some of it goes to your town, some to your state, some to the whole country. Different pots, different jobs. You are going to meet all of them in this workbook, starting with the one you can go find this afternoon.

THE CLASS FISH TANK (THEN THE SAME IDEA, TOWN-SIZED)

A class of 24 kids wants a fish tank for the classroom. The tank, the filter, the gravel, and the fish come to $60.00. No single kid has $60.00. Illustrative numbers, real arithmetic.

Kids in the class	24
What each kid puts in	$2.50
What the class collected: 24 x $2.50	$60.00

The Tax You Can See Today: Sales Tax at the Counter

Go find a store. The tag on the shelf says $4.00. You bring four dollar bills. The register says $4.33. Somebody just added thirty-three cents to your toy and did not ask you first. This is the first tax almost every kid meets, and it is the easiest one to catch in the wild, because it happens right in front of you and it prints itself on a receipt you can keep.

Here is what actually happened. The store did not keep those thirty-three cents. The store is more like a collection box: it takes the sales tax at the counter, holds it, and sends it to the state government on a schedule. If the store kept it, that would be stealing, and the state would notice. The cashier is not deciding the number either. A percentage is set by the state, and often the town or county adds a little more on top of that, which is why the exact same toy can cost a different total two towns apart.

The number you want to know is your rate. Say it out loud, write it on your hand, whatever works: my total sales tax rate is ____ percent. Once you know it, the price tag stops being a mystery and starts being a math problem you can do in your head before you walk to the register. That one habit is the difference between being surprised at the counter and being the kid who brought exactly enough.

ONE $4.00 TOY, FOUR DIFFERENT CHECKOUT COUNTERS

The same plastic dinosaur, sticker price $4.00, rung up in four places. All four rates come straight from the state tax agencies: Texas charges a 6.25 percent state rate and lets towns add up to 2 percent more for a maximum of 8.25 percent; California's statewide base rate is 7.25 percent; Oregon has no general sales tax. Your own town's total rate may be different - go look it up.

Sticker price on the shelf	**$4.00**
Texas state rate only, 6.25%: $4.00 x 0.0625	**$0.25 tax**
Total at that counter	**$4.25**
Texas town at the 8.25% maximum: $4.00 x 0.0825	**$0.33 tax**
Total at that counter	**$4.33**
California statewide base 7.25%: $4.00 x 0.0725	**$0.29 tax**
Total at that counter	**$4.29**
Oregon, no general sales tax	**$4.00**

→ Same dinosaur, four totals: $4.00, $4.25, $4.29, $4.33. Nothing about the toy changed. The only thing that changed was which state's rules the counter is standing in. The price tag is not the price - the price tag plus your rate is the price.

✓ The fast move: price x (1 + your rate). At an 8.25 percent rate that is price x 1.0825. A $12.00 game becomes $12.00 x 1.0825 = $12.99. Do it before you get in line, not after.

Why the Paycheck Is Smaller Than the Wage

Babysitting on a Saturday: five hours, twelve dollars an hour, and somebody hands you sixty dollars. Sixty dollars is what you counted on and sixty dollars is what you got. Now picture the same person a year later working five hours at the ice cream shop for the same twelve dollars an hour. The math is identical - and the check is for $55.41. Nobody made a mistake and nobody is stealing from you. A real employer runs payroll, and payroll takes money out before it ever reaches your hands.

The first bite is called FICA, and it is worth learning to say, because it is on every single American pay stub. FICA is

What the Money Actually Builds

Try this tomorrow morning. From the second you wake up until you sit down at your desk at school, count the things that exist because people paid taxes. The water in the tap. The traffic light at the corner. The crosswalk paint. The sidewalk. The school bus. The road under the school bus. The school building. The library inside the school. The librarian. The fire hydrant you walk past. The fire truck that would come if you needed it. Most kids get past ten before breakfast is over.

The money splits three ways, and the three pots do different jobs. Federal taxes go to the whole country - the military, Social Security, Medicare, national parks, disaster help. State taxes go to your state - highways, state universities, a big share of school funding. Local taxes, mostly property tax paid by whoever owns a home or land, go to your town - your schools, your police and fire departments, your plow driver in January, your park. That is why your town can own things your family never could.

Do grown-ups agree about how much should be collected and what it should buy? Absolutely not. They argue about it in every election, and that argument is a normal, healthy part of how a country decides things. You are allowed to have opinions about it when you are older. What is not really an opinion is the mechanics: the money is collected, the money is spent, and a lot of what it buys is sitting on your street right now where you can go look at it.

THE BLOCK MATH

One ordinary street with 40 houses. Each household's property tax bill is $3,000 a year. That $3,000 is illustrative on purpose - real bills swing enormously by state, town, and home value, and the only number that is true for your family is the one printed on your family's actual bill. In most places the local property tax is the main way a town pays for local things; your town publishes a budget that shows exactly how its pot gets split.

Houses on the street	**40**
One household's property tax for the year	**$3,000**
What the street alone sends in each year: 40 x $3,000	**$120,000**
Ten years from that one street	**$1,200,000**
A town of 12,000 households, one year: 12,000 x $3,000	**$36,000,000**
Cost per day for one household: $3,000 / 365	**about $8.22**
What $8.22 a day is buying that household	**schools, roads, plows, police, fire, library, parks**

→ About eight dollars and twenty-two cents a day - roughly a movie ticket every two days - and in exchange one household gets a share of a school system, a fire department, and every road in town. Whether that is a good deal is exactly the thing grown-ups argue about. Whether that is how it works is not up for debate, and now you can do the math yourself.

✓ Field mission: search your town or county name plus the word 'budget' with a grown-up. Most towns publish theirs online. Find the biggest slice. In a lot of towns it is schools - which means the building you sit in every day is the single most expensive thing your neighbors bought together.

Brackets Are a Staircase, Not a Cliff

This is the section that will make you the smartest person at your dinner table, because this is where almost every adult you know is wrong. Somebody will say it eventually: 'I turned down a raise, it would have pushed me into a higher bracket and I would take home less.' That is not how it works. It has never been how it works. A raise cannot make your take-home pay go down.

The First-Job Forms, Explained in Kid

The first day of a first job comes with paperwork, and it is a lot less scary once the pieces have names. There are three, and they show up in order.

The W-4 is the note you hand your employer on day one. It tells payroll roughly how much federal tax to hold back from each check. Fill it out with a parent - it is short, and guessing at it is how people end up surprised in April. The W-2 is the receipt that arrives in January. It is one page and it says two things: here is everything we paid you last year, and here is everything we already sent to the government on your behalf. The tax return (the form most people call the 1040) is the once-a-year math check. You add up what you actually owed, compare it to what was already sent in, and settle the difference.

Only two things can happen at that math check, and neither one is magic. If more was withheld during the year than you actually owed, the extra comes back to you. That is a refund - and a refund is not a prize, a bonus, or free money from the government. It is your own money, which you loaned out interest-free, coming home. If less was withheld than you owed, you write a check for the difference. Withholding exists so that the bill arrives in small pieces all year instead of as one enormous surprise.

One thing worth knowing before your first job: FICA comes out no matter how little you earn, and FICA does not come back in a refund. Federal income tax is different - if what you earned for the year lands under the standard deduction, the income tax can work out to zero, and anything withheld comes back when you file. The rules for someone who is claimed as a dependent on a parent's return work a little differently, so that is a check-with-a-grown-up item, and a licensed tax professional if the numbers get real.

LEDGER'S SUMMER, FROM FIRST SHIFT TO REFUND

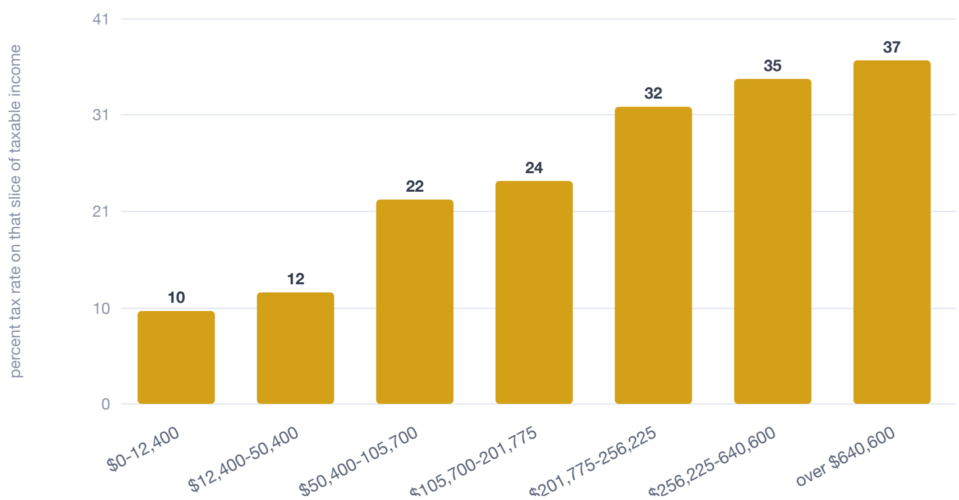
Ledger is 16 and works 10 hours a week for 12 weeks at $12.00 an hour. FICA at the current published employee rate of 7.65 percent. Federal income tax withheld across the summer: $58.00 (illustrative - what actually comes out depends on the W-4 and the payroll system). The 2026 standard deduction for a single filer is $16,100; special rules apply to someone claimed as a dependent, so the real return gets checked by a grown-up or a tax pro.

Hours: 10 a week x 12 weeks	**120 hours**
Gross pay: 120 x $12.00	**$1,440.00**
Social Security: $1,440 x 6.2%	**$89.28**
Medicare: $1,440 x 1.45%	**$20.88**
Total FICA - this part does not come back	**$110.16**
Federal income tax withheld across the summer	**$58.00**
What actually landed in her account all summer	**$1,271.84**
Federal income tax she actually owed (earnings far below the standard deduction)	**$0**
Refund of the over-withheld money once she files	**$58.00**
Summer total after the refund lands	**$1,329.84**

→ Ledger got $58.00 back, and that $58.00 was hers the whole time - it just sat somewhere else for a few months. She did not get the $110.16 back, because FICA is not a loan; it is her share going into Social Security and Medicare. Two different machines, two different answers, one pay stub showing both.

✓ Start an envelope on day one of any job. Every pay stub goes in it, and the W-2 goes in it in January. Ten seconds a week now saves a whole bad afternoon later - and the stub is the only proof you have if payroll gets something wrong.

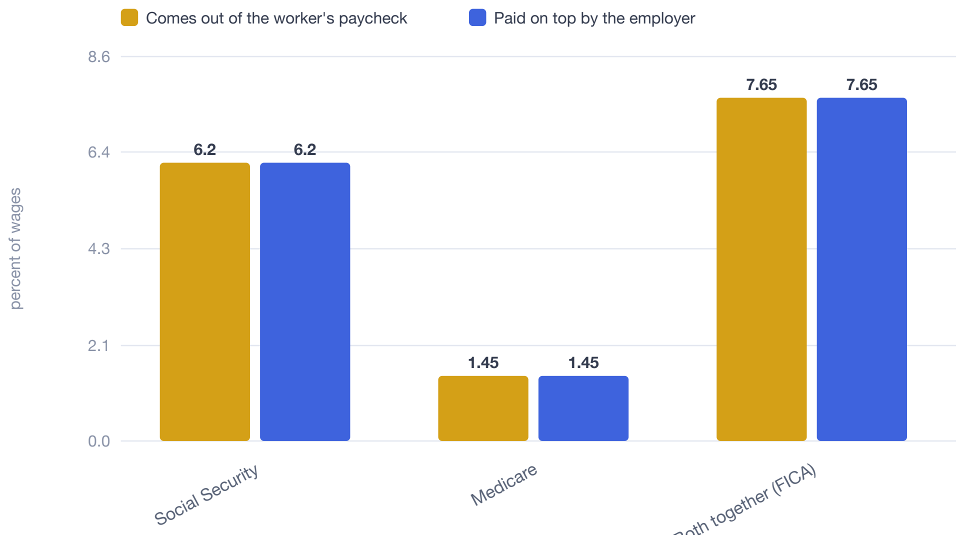
The Staircase: What Each Slice of Income Is Taxed At, Tax Year 2026 (Single Filer)



Read this left to right, like climbing stairs. For a single filer in tax year 2026 (the return filed in 2027), the first $12,400 of taxable income is taxed at 10 percent, the dollars from $12,400 to $50,400 at 12 percent, from $50,400 to $105,700 at 22 percent, and so on to 37 percent above $640,600. Reaching a taller step never re-taxes the dollars on the steps below it - which is why a raise can never leave anyone with less take-home pay. Taxable income starts after the standard deduction, which is $16,100 for a single filer and $32,200 for a married couple filing jointly in 2026. Source: IRS, 'IRS releases tax inflation adjustments for tax year 2026,' Rev. Proc. 2025-32 (figures verified at irs.gov). The IRS re-issues these every year - check irs.gov for the current year before using them for anything real.

Source: IRS releases tax inflation adjustments for tax year 2026, including amendments from the One, Big, Beautiful Bill - Rev. Proc. 2025-32. Single filer tax year 2026 brackets: 10% on income up to $12,400; 12% over $12,400; 22% over $50,400; 24% over $105,700; 32% over $201,775; 35% over $256,225; 37% over $640,600. Standard deduction 2026: $16,100 single, $32,200 married filing jointly, $24,150 head of household (all figures verified at source) · Internal Revenue Service (IRS) (2026) · https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2026-including-amendments-from-the-one-big-beautiful-bill

FICA: The 7.65 Percent That Leaves a Paycheck - and the Match the Employer Adds



FICA is the first thing that comes off almost every American paycheck, and it is two taxes wearing one name: 6.2 percent for Social Security plus 1.45 percent for Medicare equals 7.65 percent. The bar nobody talks about is the second one - the employer pays the identical amount again out of its own money, so 15.3 percent total goes in for every dollar of wages. On a $60.00 paycheck that is $3.72 + $0.87 = $4.59 out of the check, and another $4.59 from the employer. The Social Security half applies only up to a wage limit the IRS sets each year ($184,500 of earnings for 2026); the Medicare half has no limit. Source: IRS, Topic No. 751, Social Security and Medicare Withholding Rates (rates and 2026 wage base verified at irs.gov).

STORY BREAK

Cash and the Thirty-Three Cents

CASH
Four dollars. I have four dollars. This is perfect math.

A cluttered corner store on a Saturday morning. Cash, age nine, stands on tiptoe at the checkout counter holding a green plastic dinosaur with a $4.00 sticker on its tail, four crumpled one-dollar bills fanned out like a winning hand. LEDGER, the calm ledger-book mentor with a pencil behind one ear, leans on the counter beside him looking mildly amused.

LEDGER
Watch the register. It knows one number you do not.

1. He did the math. He is very confident about the math.

CASHIER
Four thirty-three, please. The tax is thirty-three cents.

Tight on the register display glowing 4.33. Cash's four dollar bills are on the counter and his face has gone completely flat with betrayal. The cashier, a patient teenager in an apron, points at the little TAX line printed on the receipt tape curling out of the machine.

CASH
The tag said four dollars. Where did the extra go?

2. The tag said one number. The machine said another.

CASH
Where does it go? A vault? Some guy with a bag?

LEDGER steers Cash to the store's front window. Framed outside, in one wide shot: a school bus pulling away, a fire engine idling at the corner, a road crew patching a pothole, and the public library across the street with kids on the steps. Cash's reflection is in the glass, arms crossed, thinking hard.

LEDGER
Roads, schools, that fire truck. Things you used this morning.

3. The store is a collection box, not a keeper. Look where it lands.

CASH
Four dollars plus tax equals four thirty-three. I came ready.

The following Saturday, same counter, same dinosaur. Cash has a calculator in one hand and exactly four dollars and thirty-three cents counted out in a neat stack, quarters squared to the edge. The cashier is grinning. LEDGER stands back with arms folded, saying nothing, letting the kid have it.

LEDGER
That is the trick. Know the number before the counter.

4. Nobody gets surprised twice by the same thirty-three cents.

CHECK YOURSELF

How well did it stick?

- [ ] **The tag says $8.00 and your total sales tax rate is 7.25 percent. What do you actually hand the cashier?**
  $8.58. The move is $8.00 x 0.0725 = $0.58 of tax, added to the $8.00 sticker price. Or do it in one step: $8.00 x 1.0725 = $8.58. The price tag is never the price - the price tag plus your rate is the price.

- [ ] **You worked 5 hours at $12.00 an hour at a real job. The check is for $55.41 instead of $60.00. What happened to the $4.59, and did your boss keep it?**
  No - it was FICA, and the boss did not keep a cent of it. FICA is 6.2 percent for Social Security ($3.72) plus 1.45 percent for Medicare ($0.87), which is 7.65 percent total ($4.59), and it funds retirement checks and health care for older Americans. Your employer then pays another $4.59 in from its own money.

- [ ] **Your uncle says he turned down a raise because it would push him into a higher bracket and he would take home less. Is he right?**
  No, and this is the single most repeated wrong thing about taxes. Brackets are a staircase, not a cliff: only the dollars above the line get the higher rate, and every dollar below keeps its old lower rate. A $1,000 raise taxed at 22 percent still puts $780 in his pocket. Earning more has never resulted in taking home less.

Check yourself, continued

- [ ] **What is a tax refund, really? Where did that money come from?**
It is your own money coming back. During the year your employer withheld tax from every paycheck based on your W-4. If more was withheld than you actually owed, the difference comes back when you file. It is not a prize and it is not a gift from the government - it is an interest-free loan you made, being repaid. A big refund every year is a sign the withholding is set too high.

- [ ] **Name three things on your own street that taxes paid for, and say which pot they most likely came from.**
Answers will vary, and that is the point - go look. Most likely local (property tax): your school building, the fire department, the town park, the plow, the sidewalk. Most likely state: the highway, the state university, a big share of school funding. Most likely federal: the military, Social Security and Medicare checks, national parks, disaster help. If you got three, you have already spotted more tax-funded things before lunch than most adults notice all week.

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WORDS TO KNOW

Sales tax
A percentage added at the store counter, on top of the sticker price. The store collects it and sends it to the state - it does not keep it. Each state sets its own rate, towns often add more, and a few states have no general sales tax at all.

Income tax
A tax on money you earn from working (or from some other sources). The federal government charges one, and most - though not all - states charge one too. It comes out of a paycheck a little at a time instead of all at once.

FICA
The 7.65 percent that comes off a worker's paycheck: 6.2 percent for Social Security plus 1.45 percent for Medicare. Your employer pays the same amount again out of its own pocket. Unlike income tax, FICA does not come back as a refund.

Deduction
An amount you subtract from what you earned before the tax staircase starts. The most common one is the standard deduction - a free bottom step everybody gets. A deduction makes your taxable income smaller, which makes your tax smaller.

Bracket
One step on the tax staircase - a slice of income with its own rate. Your dollars fill the steps from the bottom up, and each dollar is taxed at the rate of the step it lands on. Reaching a higher step never changes the rate on the dollars underneath.

Gross
What you earned before anything comes out. Five hours at $12.00 an hour is $60.00 gross, every time, no matter what the check ends up saying.

Net
What actually lands in your hand or your account after taxes and other deductions come out - also called take-home pay. Gross minus taxes equals net, on every pay stub ever printed.

Refund
Money that comes back to you after you file, because more was withheld during the year than you actually owed. It is your own money returning, not a prize. Owing at filing time means the opposite - not quite enough was sent in.

Withholding
Tax that an employer pulls out of each paycheck and sends in on your behalf all year long. It exists so the bill arrives in small slices you barely feel instead of one huge one in April. The W-4 form is how you tell payroll how much to hold back.

Revenue
All the money a government collects - the whole pot, from sales tax, income tax, property tax, and everything else. When you hear 'the state department of revenue,' that is literally the office in charge of the pot.

SOURCES & MATERIALS USED

- CashQuest Kids, Pillars EP04: Taxes Don't Hate You (2026) - Kids Adventure Workbook, mentor LEDGER; base material for all sections, the comic, the Receipt Detective activity, and the band challenges (Squire 6-9, Knight 10-13, Champion 14-16) — CashQuest Kids (2026). https://cashquestkids.com
- IRS releases tax inflation adjustments for tax year 2026, including amendments from the One, Big, Beautiful Bill (Rev. Proc. 2025-32) - single filer tax year 2026 brackets used in Chart 1 and the $80,000 staircase example: 10% up to $12,400; 12% over $12,400; 22% over $50,400; 24% over $105,700; 32% over $201,775; 35% over $256,225; 37% over $640,600; standard deduction $16,100 single and $32,200 married filing jointly (verified at source 2026-07-24; the IRS re-issues these figures annually) — Internal Revenue Service (IRS) (2026). https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2026-including-amendments-from-the-one-big-beautiful-bill
- Topic No. 751, Social Security and Medicare Withholding Rates - employee FICA rates used in Chart 2 and the $60.00 paycheck and Ledger's-summer examples: Social Security 6.2% employee and 6.2% employer; Medicare 1.45% employee and 1.45% employer; combined employee rate 7.65%; Social Security wage base limit $184,500 for earnings in 2026; no Medicare wage limit (verified at source 2026-07-24) — Internal Revenue Service (IRS) (2026). https://www.irs.gov/taxtopics/tc751
- Sales and Use Tax - Texas imposes a 6.25 percent state sales and use tax, and local jurisdictions may add up to 2 percent for a maximum combined rate of 8.25 percent (rates used in the $4.00 toy example and the activity sample row; verified at source 2026-07-24) — Texas Comptroller of Public Accounts (2026). https://comptroller.texas.gov/taxes/sales/
- Sales and Use Tax Rates - California's statewide base sales and use tax rate is 7.25 percent, with local district taxes of 0.10 to 2.00 percent added in many areas (rate used in the $4.00 toy example and the $20.00 birthday-money example; verified at source 2026-07-24) — California Department of Tax and Fee Administration (CDTFA) (2026). https://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm