



Tax Day delusions: Watch out for slippery statistics

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Internal Revenue Service tax forms.

It's tax day, so everyone is feeling ripped off. This year, some are especially annoyed that a record 47 percent of American households paid no federal income tax in 2009.

Does this mean half of all Americans are freeloaders? Are we relying too heavily on wealthy people to carry the load?

Take a closer look.

This statistic looks only at the income tax. Most American households pay more in Social Security and Medicare taxes, which are not included in the overview. Count those, and the portion paying no federal tax on their incomes drops to 10 percent. And that 10 percent is not exempt from other federal taxes, like the gas tax.

As for the rich, save your tears. They are bearing a larger share of the income tax load these days. But that's only because their salaries and bonuses have skyrocketed over the past few decades, while median incomes have stagnated. Tax rates for wealthy families have plummeted in the last few decades even as the income divide has grown.

Here in New Jersey, Republicans often complain that the wealthiest 1 percent pay 40 percent of state income taxes. Again true, but incomplete. Add in sales and property taxes, and they pay 9.5 percent of their income to the state, according to the Institute of Taxation and Economic Policy. Those in the bottom half pay a larger share of their income in combined taxes.

So don't buy the slippery stats — it's not just the rich who are feeling the pain.

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