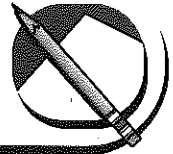


Section 2: Quiz Federal Taxes



A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I

- _____ 1. national health insurance program for people over age 65
- _____ 2. an amount that can be subtracted from income when filing taxes
- _____ 3. taking out a part of income as it is earned for taxes
- _____ 4. a form that the taxpayer files with the government
- _____ 5. tax on foreign goods brought into the United States

Column II

- a. withholding
- b. tax return
- c. deduction
- d. tariff
- e. Medicare

B. Main Ideas

Write the letter of the correct answer in the blank provided.

- _____ 6. What is the main purpose of federal taxes on tobacco and alcohol products?
 - a. to raise money for the government
 - b. to make it expensive to import these products
 - c. to make it harder for companies to sell these products
 - d. to discourage the use of these products
- _____ 7. What is the difference between an estate tax and a gift tax?
 - a. An estate tax is assessed on all inherited money; a gift tax is only assessed on amounts over \$5,000.
 - b. An estate tax is a tax on the money and property of someone who has died; a gift tax is a tax on money or property given from one living person to another.
 - c. An estate tax is paid by the executor of an estate; a gift tax is paid by both parties of the gift.
 - d. An estate tax is paid on money; a gift tax is paid on money and property.
- _____ 8. Why does the federal government collect income taxes in installments rather than waiting until the end of the year?
 - a. It is easier for taxpayers to pay that way, but inconvenient for the government.
 - b. It is easier for the government to collect that way, but harder for taxpayers.
 - c. It is more convenient for the government and taxpayers to collect in installments.
 - d. It is optional; people may pay all their taxes at once at the end of the year.
- _____ 9. How much of the federal government's income comes from individual income tax?
 - a. 17 percent
 - b. 27 percent
 - c. 47 percent
 - d. 77 percent
- _____ 10. How is the federal income tax a progressive tax?
 - a. The higher the income a person has, the higher the percentage that person pays in tax.
 - b. A person with a higher income pays more money in taxes, although the percentage he or she pays as tax is less.
 - c. Two married people who file their taxes together will pay more taxes than a single person will.
 - d. Children pay no taxes, regardless of whether they earn a large income.