Guided Reading 9.2

THE FEDERAL TAX SYSTEM

On your own paper, answer the following questions as you read Chapter 9, Section 2 (p231-236)
<u>You do not have to write the question</u> so long as you staple the questions to your answer sheet when finished.

1. What are the most important sources of government revenue?
2. Where in the Constitution does Congress get the power to tax income and when was it established?
3. What is the ***payroll withholding system***?
4. What is a ***tax return*** and by what date do you have to file it?
5. What is different for people who are self-employeed?
6. When the tax rate is progressive, when does the average tax rate go up?
7. What does ***indexing*** prevent?
8. What does ***FICA*** stand for and what is the tax used for?
9. What is ***Medicare*** and who can use it?
10. Why are social security and Medicare taxes called ***payroll taxes***?
11. After what level of income do you stop paying social security tax?
12. What does the basic medicare plan pay for?
13. What is the Medicare tax rate and what about it is different from social security?
14. What is the ***corporate income tax***?
15. Make a corporate income tax bracket chart (list) showing the income levels for 15%, 25%, 34%, & 35%.
16. Define ***excise taxes*** and ***estate taxes***.
17. What is a ***gift tax*** and who pays it?
18. What is a ***customs duty***?
19. Define ***user fee*** and give an example of one.

Grading:
3pts = All 19
2pts = 10-18 answered
1pt = 1-9 answered
0pts = 0 answers

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