Three Basic Tax Types

Name: __________________________
Date: __________________________

1. Most taxes can be divided into three buckets: Taxes on what you ____________, taxes on what you ____________, and taxes on what you ____________.

2. Many individual income taxes are “progressive,” meaning tax rates (INCREASE | DECREASE) as a taxpayer’s income (INCREASES | DECREASES), resulting in (HIGHER | LOWER)-earners paying a larger share of income taxes than (HIGHER | LOWER)-earners.

3. TRUE | FALSE: While C corporations are required to pay the corporate income tax, the burden of the tax falls not only on the business but also on its consumers and employees through higher prices and lower wages.

4. TRUE | FALSE: The economic burden of payroll taxes is mostly borne by employers.

5. Gross receipts taxes (GRTs) are applied to ____________________________, regardless of profitability and without deductions for business expenses.

6. “Tax pyramiding” is when:

7. What consumption tax avoids tax pyramiding?

8. Overall, taxes on real property are relatively ____________________________, ____________________________, and ____________________________, whereas taxes on tangible personal property are more problematic.

9. List two reasons most U.S. states have moved away from estate and inheritance taxes:

10. Payroll taxes are paid by the ____________________________, but the economic burden falls mainly on the ____________________________. Corporate Income Taxes (CIT) are levied on a business’ ____________.