1. Marginal tax rates show the ____________ on the _____________.

2. Average tax rates show the _________________.

3. The average tax rate is the ____________ divided by ____________.

4. A 12 percent marginal tax rate means that ____________ cents of every next dollar earned would be taken as tax.

5. TRUE | FALSE: The average tax rate for individuals is typically higher than the top marginal tax rate.

6. There are two types of marginal tax rates: ____________ and ____________.

7. ________________ marginal tax rates account for layers of taxes, along with deductions and credits.

8. Higher effective marginal tax rates ( DISINCENTIVIZE | INCENTIVIZE ) additional work at the margin, which translates into ( HIGHER | LOWER ) productivity and economic growth overall.

9. TRUE | FALSE: A taxpayer’s tax liability is determined by their taxable income.

10. In the U.S., ( HIGH- | LOW- ) income taxpayers typically pay a higher average tax rate and are subject to higher marginal tax rates as their income climbs.