

Understanding Taxes | Worksheet



Matching

Match the definition in Column A with the term in Column B.

Column A

- _____ Amount subtracted from taxes owed.
- _____ Paid on most goods and services.
- _____ Paid by employee to the government.
- _____ Paid by employee and employer to the government.
- _____ Items that reduce taxable income.

Column B

- a. Federal Income Tax
- b. Payroll Tax
- c. Sales Tax
- d. Deductions
- e. Credits

Multiple Choice

1. **Tax amounts are NOT based on which factor?**
 - a. What a person earns
 - b. What a person buys
 - c. What a person sells
 - d. What a person owns
2. **Which of the following is a TRUE statement about a progressive tax?**
 - a. It increases as your salary increases.
 - b. It decreases as your salary increases.
 - c. It increases as your salary decreases.
 - d. It remains the same regardless of your salary.
3. **“Tax Day,” the annual deadline for filing taxes, is usually on which date?**
 - a. March 15
 - b. April 15
 - c. May 15
 - d. June 15
4. **Why is it important to pay taxes on time?**
 - a. To keep records of earned income
 - b. To set a reasonable budget
 - c. To make profits on investments
 - d. To avoid paying additional fines

Application

Think of 3 ways taxpayer funds could be helpful to your community and list them below.



Understanding Taxes | Answer Key

Matching

Match the definition in Column A with the term in Column B.

Column A

- e. Amount subtracted from taxes owed
- c. Paid on most goods and services
- a. Paid by employee to the government
- b. Paid by employee and employer to the government
- d. Items that reduce taxable income

Column B

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Application

Think of 3 ways taxpayer funds could be helpful to your community and list them below.

Responses will vary.