

Assessment

Theme 2: Taxes in U.S. History
Lesson 6: Tax Reform in the 1960s and 1980s

Part 1

Match the clues to the correct term. Write the letters of the correct terms on the lines provided.

- A. Tax cut
- B. Inflation
- C. Tax credit
- D. Deficit
- E. Tax deductions

- ____ 1. What results from the government spending more than it makes?
- ____ 2. If a business has expenses, then it also has ____.
- ____ 3. When you receive a ____, you don't have to pay as much in taxes.
- ____ 4. If you have a ____, then you can deduct money from the taxes you owe.
- ____ 5. ____ happens when your money is worth less than it used to be.

Part 2

Determine whether the statements below are True or False. Write your answer in the space provided.

1. The Tax Reform Act of 1969 took away tax cuts for individuals.

2. The Tax Reform Act of 1986 was the most significant tax reform in U.S. history. _____
3. One purpose of tax reform during the Nixon administration was to ease the burden on lower-income taxpayers. _____

4. A result of the 1986 tax reforms was an increase in the wealth of the higher-income groups. _____
5. The Reagan administration hoped to jump-start the economy by providing tax cuts to lower-income groups. _____

Part 3

Identify each of the following items as a Cause or an Effect of tax reform. Write the letter of the correct response in the space provided.

- _____ 1. The wealthy and corporations used loopholes to avoid paying taxes in the 1960s.
A. Cause
B. Effect
- _____ 2. The wealthy had more money to invest in the economy.
A. Cause
B. Effect
- _____ 3. In the late 1980s, low-income groups paid less in taxes.
A. Cause
B. Effect
- _____ 4. The tax code was simplified to two tax brackets.
A. Cause
B. Effect
- _____ 5. Low-income groups carried the burden of paying taxes in the 1960s.
A. Cause
B. Effect