

Assessment

Theme 1: Your Role as a Taxpayer
Lesson 1: Why Pay Taxes?

Part 1

Match the clues to the correct terms found in the answer key. Write the letter of each term in the space before each clue.

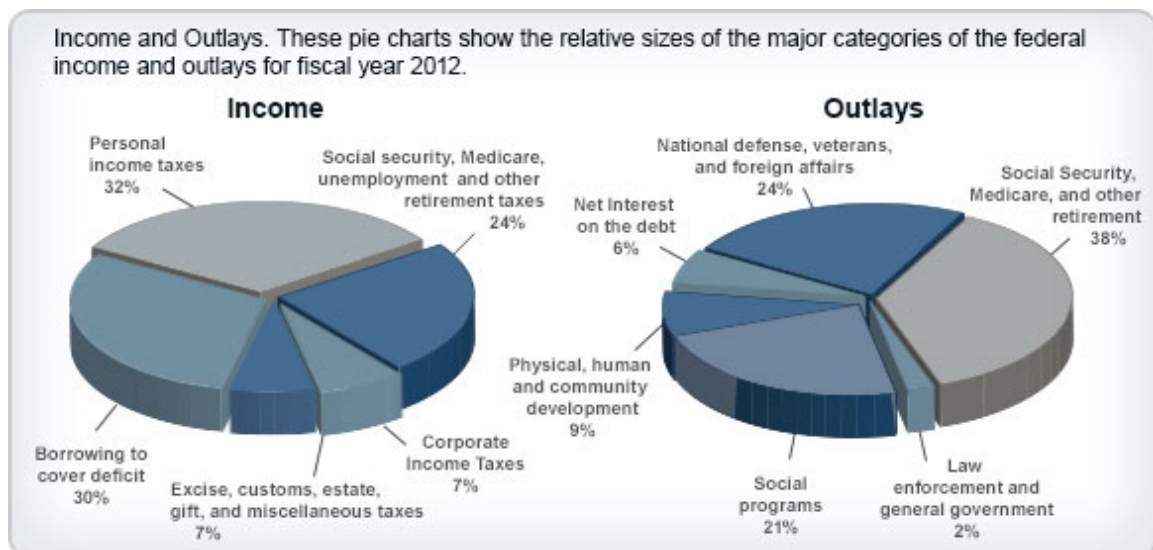
Answer Key:

- A. Taxes
- B. Public goods and services
- C. Revenue
- D. Resources
- E. Defense

- D Taxes shift these from the private sector to the government.
- C Taxes and borrowed money are two examples used by government.
- B Governments purchase these for the benefit of the community as a whole.
- A When individuals pay these, they have less money to spend on personal goods and services.
- E An example of goods and services provided by our government.

Part 2

Use the pie chart below titled “Income” to complete this activity. Match the taxes to the correct percentage they contribute to federal revenue in the answer key. Write the letter of each percentage in the space before each of the taxes.



Answer Key:

- A. 24%
- B. 7%
- C. 32%
- D. 30%

- D Borrowing to cover deficit
- A Social Security, Medicare, unemployment and other retirement taxes
- B Corporate income taxes
- C Personal income taxes

Part 3

Use the pie charts from Part 2 to answer the following questions. Indicate whether each of the statements below is True or False. Write your answer in the space provided.

1. The largest federal outlay is for Defense. **False**
2. Social Security, Medicare, and other retirement accounts for 38% of federal spending.
True
3. Personal income tax accounts for the greatest tax revenue. **True**
4. More government dollars are spent on Law Enforcement than on Defense. **False**
5. Corporate Income Taxes make up 7% of federal revenue. **True**