Part 1

Indicate whether each of the statements below is True or False. Write your answer in the space provided.

1. The government does not have the right to force taxpayers to pay tax. **False**
2. The U.S. Income tax system is built on the idea of involuntary compliance. **False**
3. A taxpayer may have to pay a penalty for a late tax payment. **True**
4. When people don’t report their earnings, they are participating in an underground economy. **True**
5. Taxpayers are expected to accurately report all income. **True**

Part 2

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

**Answer Key:**
A. voluntary compliance
B. IRS
C. April 15
D. taxpayer
E. records

- **E** What does the taxpayer need to keep to accurately figure out his or her taxes?
- **B** Who may assess a penalty for failure to pay taxes?
- **A** What IRS system is built on trust that taxpayers will do what needs to be done?
- **D** Who is responsible for calculating taxes and filing tax returns?
- **C** When does a taxpayer need to file a tax return?
Part 3

Indicate who is responsible for each example below—the IRS or the taxpayer. Write the letter of the correct response in the space provided.

A 1. Making tax forms and instructions
   A. IRS
   B. taxpayer

B 2. Keeping accurate receipts
   A. IRS
   B. taxpayer

B 3. Filing a tax return on time
   A. IRS
   B. taxpayer

B 4. Reporting all income
   A. IRS
   B. taxpayer

A 5. Collecting taxes
   A. IRS
   B. taxpayer