

Assessment Solutions

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

- D** 1. What results from the government spending more than it makes?
- E** 2. If a business has expenses, then it also has _____.
- A** 3. When you receive a _____, you don't have to pay as much in taxes.
- C** 4. If you have a _____, then you can deduct money from the taxes you owe.
- B** 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.
False
- 2. The Tax Reform Act of 1986 was the most significant tax reform in U.S. history. **True**
- 3. One purpose of tax reform during the Nixon administration was to ease the burden on lower-income taxpayers. **True**

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

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.

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