

Assessment Solutions

Theme 3: Fairness in Taxes
Lesson 1: How to Measure Fairness

Part 1

Match the descriptions to the correct terms found in the answer key. Write the letter of each term in the space provided.

Answer Key:

- A. income
- B. fairness
- C. ability to pay
- D. benefits received
- E. wealth

- D** One criteria of tax fairness is based on the assumption that people should pay taxes in rough proportion to what they receive from government goods and services.
- B** This is judged by benefits received and ability to pay.
- E** This may include assets and property such as houses, cars, stocks, bonds, savings accounts, or valuables.
- C** People's taxes should be in proportion to their wealth and income.
- A** This may come from wages, rents, interest, profits, or other payments.

Part 2

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

1. A gas tax paid by all drivers is fair according to the criterion of ability to pay. **False**
2. Because property taxes usually support schools, people with no children do not have to pay them. **False**
3. Our federal income tax is based on the ability to pay principle. **True**
4. In the United States, people with low incomes are allowed no benefits. **False**
5. All people benefit equally from government services. **False**

Part 3

Answer the following multiple-choice questions. Write the letter of the correct response in the space provided.

- C** 1. “Which is not an example of a person’s wealth?
A. a car
B. stocks
C. wages
D. a house
- D** 2. Who benefits from roads that are supported by gas taxes?
A. people who drive to work
B. people who ride buses
C. those who have goods and services brought to them over highways
D. all of the above
- B** 3. A criteria of tax fairness that assumes that people with different amounts of wealth or income should pay different amounts of taxes is called
A. property tax.
B. ability to pay.
C. benefits received.
D. income tax.
- A** 4. Which is not an example of a person’s income?
A. valuables
B. rents
C. interest
D. profits
- C** 5. It is hard to get people to agree on what is a fair tax because
A. some people don’t pay property tax.
B. everyone wants to do away with all taxes.
C. people have different values and priorities.
D. all of the above.