Part 1

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

Answer Key:
A. sales taxes
B. equitable
C. regressive
D. flat tax
E. same

E  A proportional income tax is a tax in which all income levels are taxed at this rate.
C  A proportional tax may at first seem to be a fair form of taxation, but the effects are often ________________.
B  Proportional taxes, at first glance, may appear to be ________________.
D  A proportional tax is often referred to as ________________.
A  Many states use a proportional type of ________________ on merchandise.

Part 2

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

1. A proportional income tax takes the same percentage of income from all income groups. **True**
2. Flat taxes include fixed amounts of tax on each individual or household. **False**
3. Our federal income tax is a proportional tax. **False**
4. A flat tax can be considered regressive because it takes a greater portion of income from those in lower income groups. **True**
5. Sales taxes tend to be regressive because they take a larger percentage of the income of low-income taxpayers. **True**
Part 3

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

B 1. Which is not an example of a commonly used proportional tax?
   A. a sales tax on coats
   B. a state income tax
   C. a tax on a person’s house and land
   D. a sales tax on sneakers

C 2. A regressive tax takes a higher percentage of income from
   A. higher income groups.
   B. middle income groups.
   C. lower income groups.
   D. none of the above.

D 3. A proportional tax would take a percentage of income from all groups except which?
   A. middle income
   B. low income
   C. high income
   D. people with no income

A 4. A flat tax is the same as a
   A. proportional tax.
   B. progressive tax.
   C. regressive tax.
   D. none of the above.

C 5. Which income tax structure is used in the United States?
   A. proportional
   B. regressive
   C. progressive
   D. none of the above