

# Assessment Solutions

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Theme 3: Fairness in Taxes  
Lesson 5: How Taxes Affect Us

## *Part 1*

Fill in the blanks with words or phrases from the list below.

*progressive*  
*percentage*  
*effects*  
*vertical equity*  
*unequally*

1. Taxes can have different **effects** on different income groups.
2. In the United States, a mixture of regressive and **progressive** taxes makes our overall tax system roughly proportional.
3. Unequals should be taxed **unequally**.
4. **Vertical equity** is the idea that people in different income groups should pay different amounts of taxes or different percentages of their incomes as taxes.
5. In the United States, taxpayers over a wide range of income levels end up paying roughly the same **percentage** of their incomes in taxes.

## *Part 2*

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

1. Unequals should be taxed equally. **False**
2. Although no single tax in the United States is proportional, the combination of different taxes creates a roughly proportional system. **True**
3. The Social Security tax is progressive. **False**
4. Most excise taxes and user fees are somewhat regressive. **True**
5. In the United States, people have a progressive income tax system. **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 tax used today in the United States?  
A. income tax  
B. poll tax  
C. social security tax  
D. property tax
- C** 2. Because of the combination of taxes used in the United States, people over a wide range of income levels  
A. do not need to file income taxes.  
B. can pick and choose which taxes they want to pay.  
C. end up paying roughly the same percentage of their incomes in taxes.  
D. None of the above.
- A** 3. The idea that “unequals should be taxed unequally” is an example of  
A. vertical equity.  
B. horizontal equity.  
C. diagonal equity.  
D. a proportional tax.
- C** 4. Which system has the most negative effect on low-income groups?  
A. progressive taxes  
B. proportional taxes  
C. regressive taxes  
D. income taxes
- D** 5. In which system would high-income groups pay more?  
A. a combination of taxes  
B. regressive taxes only  
C. proportional taxes only  
D. progressive taxes only