

Description	Points Possible	Points Earned
Fill in the Blanks	17	
True and False	10	
Multiple Choice	10	
Total Points	37	

_____ Name



Chapter 7 Federal Income Taxes

Fill in the missing word(s) in the space provided at the left.

1. _____ Money collected by the government from various sources is known as _____.
2. _____ Tax that increases in proportion to increases in income is a type known as _____ tax.
3. _____ Money earned by individuals that is subject to taxation is called _____ income.
4. _____ In order to avoid itemizing deductions, a person may elect to take the _____, which is a flat amount allowed taxpayers depending on filing status and subtracted from adjusted gross income.
5. _____ Money paid to a former spouse for that person's support is called _____.
6. _____ Money paid to a former spouse for the support of dependent children is called _____.
7. _____ Expenses that can be subtracted from gross income are called _____.
8. _____ The amount remaining when adjustments are subtracted from gross income is called _____.
9. _____ When all sources of taxable income are added together, the total is called _____ income.
10. _____ An allowance, or credit, is allowed for each _____ claimed by a taxpayer.
11. _____ A(n) _____ tax allows a higher-income person to pay a lower percentage of income in taxes than a lower-income person.
12. _____ To intentionally fail to pay taxes owed is to commit a felony offense called _____.

13. _____ A tax system that is based on _____ requires all citizens to be responsible for preparing and filing their tax returns on time and paying taxes due.
14. _____ A type of tax that is based on the value of property owned is called _____.
15. _____ A(n) _____ is an amount subtracted directly from tax owed.
16. _____ An administrative agency of the federal government that collects taxes and deposits taxes withheld with the Department of the Treasury is the _____.
17. _____ Allowable expenses, such as medical costs and property taxes, are called _____.

After each of the following statements, write T for True and F for False

1. _____ The income tax is an example of a progressive tax.
2. _____ Unemployment compensation benefits received are taxable to the person who receives them.
3. _____ The power to levy federal income taxes rests with the U.S. Congress.
4. _____ You may not use short Form 1040EZ for a joint return if your total taxable income is \$20,000 or more.
5. _____ Only a married person is considered a head of household.
6. _____ Alimony is taxable to the person receiving it and is deductible to the one paying it.
7. _____ Money received in the form of wages, tips, salaries, or interest is taxable income.
8. _____ An exemption is defined as any person who depends on the taxpayer for support during the year.
9. _____ The Internal Revenue Service is an agency of the Department of the Treasury.
10. _____ Responsibility for preparing and filing tax returns rests with the individual; this principle is known as voluntary compliance.

On the line at the right of each sentence, print the letter that represents the word or group of words correctly completing the sentence or answering the question.

1. _____ To compute your tax liability, turn to the tax tables and look up the amount called (a) take-home pay, (b) gross income, (c) adjusted gross income, (d) taxable income. _____
2. _____ Which of these is a form of flat tax? (a) income tax, (b) sales tax, (c) property tax, (d) excise tax _____
3. _____ Tax returns must be filed by _____ of the following year. (a) January 1, (b) January 31, (c) April 15, (d) December 31 _____
4. _____ As an alternative to itemizing deductions, taxpayers may (a) file Form 1040EZ, (b) file Form 1040A, (c) claim standard deduction, (d) claim more exemptions. _____
5. _____ A tax on specific products and services is the _____ tax. (a) income, (b) property, (c) excise, (d) flat _____ 5. _____
6. _____ What is a type of IRS audit requiring a taxpayer to appear in person and bring records? (a) correspondence, (b) office, (c) field, (d) research _____
7. _____ For people who use Form 1040EZ or 1040A, the IRS allows (a) electronic filing of tax returns, (b) electronic payment of taxes due, (c) both of these, (d) neither of these. _____
8. _____ College tuition is an example of a(n) (a) itemized deduction, (b) tax bracket, (c) tax credit, (d) taxable income. _____