

Chapter 9 Section 1

Sources of Government Revenue

According to your textbook, what is the impact of a tax on the supply curve, and therefore prices and quantities of a product?

What is the impact on homeownership of the government's tax deduction on mortgage payments?

What is an example of a **sin tax**? What is the purpose of a sin tax?

According to your textbook, who might pay for a tax on a local utility company, the company or the consumer? Explain why.

What does it mean that taxes should be fair?

What is a **tax loophole**?

According to your text, which is a simpler tax, the **individual income tax** or the **sales tax**?

How does **withholding** work for the individual income tax?

What is the **benefit principle of taxation**? Give an example of this type of tax.

What are two problems associated with the benefit principle of taxation?

What is the **ability to pay principle** of taxation?

What is an example of a tax based on this principle?

What is a **proportional tax**?

Give an example of a proportional tax from the chart on page 228.

As a person's income increases, what happens to the percentage of tax paid with a proportional tax?

What is a **progressive tax**?

Give an example of a progressive tax?

As income goes up, what happens to the percentage of the tax paid with a progressive tax?

What is a **regressive tax**?

Give an example of a regressive tax.

As income goes up, what happens to the percentage of the tax paid with a regressive tax?