



Section 2: Guided Reading and Review

Federal Taxes

A. As You Read

As you read Section 2, fill in supporting facts or details under each main idea by answering each question.

Main Idea: Individual income taxes are imposed on the income of all individuals living in the country.

1. Why do employers withhold a set amount of your income? _____

2. What is taxable income? _____

Main Idea: Federal Insurance Contributions Act (FICA) taxes fund two large government programs.

3. What does Social Security provide? _____

4. What is Medicare? _____

Main Idea: Taxes are sometimes used to affect behavior.

5. What items are taxed for the purpose of changing behavior? _____

B. Reviewing Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I

- _____ 6. amounts that you can subtract from your income when filing taxes
- _____ 7. form used to file one's income taxes
- _____ 8. income on which tax must be paid
- _____ 9. tax on a monetary gift from a living person valued above a certain amount
- _____ 10. tax on the total value of the money and property of a person who has died
- _____ 11. tax payments taken out of an employee's pay before he or she receives a paycheck
- _____ 12. tax levied on foreign goods brought into the United States

Column II

- a. taxable income
- b. tariff
- c. tax return
- d. withholding
- e. deductions
- f. gift tax
- g. estate tax