

## 2.1 "Somebody Has to Pay"

1. Taxes support government programs by collecting fees from
  - a. businesses.
  - b. individual income.
  - c. activities and products.
  - d. All of the above
  
2. Taxes are the primary source of government income.
  - a. True
  - b. False
  
3. The tax theory that people who can afford to pay taxes should pay more than those with a limited ability is known as
  - a. benefits received.
  - b. theory of relativity.
  - c. ability to pay.
  - d. decreasing responsibility.
  
4. A downside to the "ability to pay" approach to taxes is that
  - a. earning more money means you pay less taxes.
  - b. earning more money means you pay more taxes.
  - c. only people who benefit from government services should have to pay the taxes.
  - d. those who benefit most from government programs have limited incomes.
  
5. The tax theory that states the government should only tax those who receive the goods and services it provides is known as the
  - a. benefits received.
  - b. theory of relativity.
  - c. ability to pay.
  - d. decreasing responsibility.
  
6. Most nations combine "ability to pay" and "benefits received" tax theories to provide a greater balance and sense of fairness to their tax policies.
  - a. True
  - b. False
  
7. Progressive taxes take a larger percentage of income from people in
  - a. lower income groups.
  - b. middle income groups.
  - c. higher income groups.
  - d. all income groups equally.

8. Regressive taxes take a larger percentage of income from people in
  - a. all income groups equally.
  - b. higher income groups.
  - c. middle income groups.
  - d. lower income groups.
  
9. Overall, the tax system in the United States is regressive.
  - a. True
  - b. False
  
10. Someone who benefits from the goods and services provided by the government, but does not pay toward providing them is known as a
  - a. freedom rider.
  - b. freedom writer.
  - c. free rider.
  - d. freelance writer.