



Name: _____ Date: _____

Directions: Read the text, and study the image. Answer the questions.

We get many goods and services from our government. How are they paid for? Our government collects taxes, or money from the people. Here are some taxes we pay:

150.98	TAXABLE PAY & BENEFITS	1,973.84	GROSS	2,120.00
BASIC PAY	OTHER PAY	2,238.54	CHARITY	0.00
SHIFT PAY	OPTIONS	0.00	OTHER DEDUCT	45.50
OVERTIME	SHARE PLAN	0.00	SHARE SHOP	0.00
37 COMMISSION	TAXABLE PAY	1,937.69	TAXABLE BENEFITS	36.75

- **Income tax:** If you work, you are paid a *salary*. The government takes some of this money.
- **Payroll tax:** If you work for someone or for a business, this is your *employer*. Your employer pays taxes.
- **Property tax:** If you own a house or land, you pay property taxes.
- **Sales tax:** If you buy a good, you pay sales tax. In some states, you also pay sales tax on services.

1. What is income tax?
 - a. It is a tax people pay for cars and boats.
 - b. It is a tax employers pay for social security.
 - c. It is a tax people pay on goods and services.
 - d. It is a tax people pay on the salaries they make.

2. On what do people pay sales tax?
 - a. food and medicine
 - b. goods and services
 - c. the salaries they make
 - d. medical care