

Average v. Marginal Tax Rates

Worksheet

Name: _____

Date: _____

1. Marginal tax rates show the _____ on the _____.
 2. Average tax rates show the _____.
 3. The average tax rate is the _____ divided by _____.
 4. A 12 percent marginal tax rate means that _____ cents of every next dollar earned would be taken as tax.
 5. TRUE | FALSE: The average tax rate for individuals is typically higher than the top marginal tax rate.
 6. There are two types of marginal tax rates: _____ and _____.
 7. _____ marginal tax rates account for layers of taxes, along with deductions and credits.
 8. Higher effective marginal tax rates (DISINCENTIVIZE | INCENTIVIZE) additional work at the margin, which translates into (HIGHER | LOWER) productivity and economic growth overall.
 9. TRUE | FALSE: A taxpayer's tax liability is determined by their taxable income.
 10. In the U.S., (HIGH- | LOW-) income taxpayers typically pay a higher average tax rate and are subject to higher marginal tax rates as their income climbs.
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