

Average v. Marginal Taxes 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.