

ECONOMICS CHAPTER 9/10 STUDY GUIDE

Mr. Baysdell

FICA taxes fund Social Security and Medicare. They do NOT fund Medicaid. Be sure you can distinguish between Medicare and Medicaid. Medicaid is for people receiving public assistance; Medicare is for people receiving social security. Medicaid is a means-tested program; eligibility depends on income

When a good is inelastic, the sales tax is mostly the burden of the consumer.

Social Security taxes (FICA) pay for benefits to older citizens, surviving family members, and people with certain disabilities.

The federal government collects income taxes by withholding so the government can have a steady stream of income as bills come due.

Local governments are funded primarily through property taxes.

Be sure you can understand and explain the following terms:

Entitlements

Operating Budget

Capital Budget

Balanced Budget

Balanced Budget Amendment

Corporate Income Tax

Individual Income Tax

Estate Tax (a.k.a “death tax” or “inheritance tax”)

Regressive tax

Progressive tax

Proportional tax

Gift tax

Incidence of taxation

Deductions

Standard deduction

Exemptions

Real property

Personal property

Medicaid

Medicare

Withholding

Social Security

Tax return

Forms: 1099, W-2, W-4, 1040, 1040A, 1040EZ, 1040PC

Also be sure you understand how to fill out a 1040 EZ tax return!!!