

Name _____

Decoding Income Taxes: How Your Income is Taxed and Understanding Tax Brackets

Open-Ended Response Questions

1. Explain why the government uses a progressive tax system and how it affects individuals with different income levels.
2. Discuss the importance of understanding your effective tax rate when planning your finances.
3. Can you provide an example of a tax credit and explain how it can benefit taxpayers?
4. Describe the role of deductions in calculating taxable income and provide an example of a common deduction.

