

Name _____

Tax Deductions and Tax Credits: Your Path to Saving Money!

Multiple Choice Questions

1. What is a tax deduction?
 - a) Money you have to pay in taxes
 - b) Money you can subtract from your taxable income
 - c) Money you get as a tax refund
 - d) Money you earn from your job

2. How do tax deductions help reduce your taxes?
 - a) They directly reduce the amount of tax you owe
 - b) They increase your taxable income
 - c) They have no impact on your taxes
 - d) They are only for people with high incomes

3. What is a tax credit?
 - a) Money you have to pay in taxes
 - b) Money you can subtract from your taxable income
 - c) Money you get as a tax refund
 - d) Money that directly reduces your tax bill

4. Which of the following is NOT a common tax deduction?
 - a) Interest on a mortgage
 - b) Donations to charity
 - c) Money spent on a vacation
 - d) Certain medical expenses

5. How can you benefit from tax deductions and tax credits?
 - a) By not keeping records of your expenses
 - b) By filing your taxes inaccurately
 - c) By staying informed about tax rules and following them
 - d) By ignoring tax laws

