

Name \_\_\_\_\_

## Cracking the Code: Understanding Pennsylvania's Tax Structure

### Short Answer Key

1. The inheritance tax in Pennsylvania is used to generate revenue from estates after someone passes away. Tax rates are determined based on the relationship between the deceased and the beneficiaries, with spouses and children typically subject to lower rates.
2. Items or activities subject to excise taxes in Pennsylvania include alcohol, cigarettes, and gasoline. These taxes are designed to discourage excessive consumption and generate revenue for related programs or initiatives.
3. Property tax revenue in Pennsylvania primarily benefits local services like schools, police, and fire departments because it is collected by local governments to fund these essential services within their municipalities.
4. The main difference between the sales tax rate and the income tax rate in Pennsylvania is that the sales tax is a flat rate of 6% (varying slightly by locality), while the income tax is progressive, with rates ranging from 3.07% to 3.5% based on income levels.
5. The corporate income tax rate of 9.99% impacts businesses operating in Pennsylvania by subjecting their net income to this tax rate. However, businesses may utilize deductions and credits to lower their effective tax rate, potentially paying less than the full 9.99%.

