

Name _____

Cracking the Code: Understanding Pennsylvania's Tax Structure

Open-Ended Response Answer Key

1. Answers will vary but should include an explanation of how the sales tax, if applicable, would be added to the cost of the bicycle. The total cost would depend on the bicycle's price and the sales tax rate in their specific location.
2. Advantages of a progressive income tax system include fairness, as higher-income individuals contribute a larger percentage of their income. Disadvantages may include potential disincentives for economic growth and investment.
3. Answers will vary based on research, but an example of a specific tax deduction or credit available to businesses in Pennsylvania could be the Research and Development Tax Credit, which encourages businesses to invest in innovation and research, benefiting both the businesses and the state's economy.
4. Answers will vary but should include a discussion of the effectiveness of excise taxes in discouraging unhealthy behavior, such as the impact on consumption patterns and potential public health benefits. Possible drawbacks could include the burden on low-income individuals or potential loopholes.

