

Name _____

Understanding Taxes in Illinois: How the State's Tax System Works

Short Answer Key

1. A flat-rate income tax system means that everyone pays the same percentage of their income in taxes. In Illinois, as of 2022, the income tax rate is 4.95%.
2. Property taxes in Illinois are used to fund local governments and are based on the assessed value of a property. They are calculated by multiplying the assessed value of a property by the local property tax rate.
3. Local governments in Illinois can impose additional sales taxes, which can vary by location. This means that the total sales tax rate a person pays depends on where they make their purchase.
4. Common items subject to excise taxes in Illinois include gasoline, cigarettes, and alcohol. Excise taxes are imposed on these items to generate revenue for the state and fund specific programs or services related to them, such as road maintenance or public health initiatives.
5. Tax revenues in Illinois are used to fund essential government services such as education, healthcare, infrastructure, and public safety. These funds are crucial for maintaining and improving the quality of life for Illinois residents.

