

Name _____

Money Matters: What are Taxes and Why Do We Have to Pay Them?

Multiple Choice Questions

1. Why do we pay taxes?
 - a) To make the government rich
 - b) To fund essential public services
 - c) To buy expensive items
 - d) To avoid penalties

2. Which type of tax is applied to specific goods like gasoline and tobacco?
 - a) Income Tax
 - b) Sales Tax
 - c) Excise Tax
 - d) Property Tax

3. How do taxes contribute to economic stability?
 - a) By increasing income inequality
 - b) By discouraging economic activities
 - c) By adjusting tax rates
 - d) By reducing government revenue

4. What does property tax fund?
 - a) Schools and universities
 - b) Police and firefighters
 - c) Road and bridge maintenance
 - d) Healthcare programs

5. Which of the following is NOT a benefit of taxes?
 - a) Funding education
 - b) Supporting social welfare programs
 - c) Increasing income inequality
 - d) Maintaining law and order

