Unit 3: Tax Review Questions

1. What is fiscal policy?
2. What is the government’s primary means of generating revenue?
3. Explain the 2 principles of taxation. Which one do you prefer & why?
4. What are the 3 criteria for effective taxes?
5. Describe the 3 tax structures and who bears the burden of each one.
6. What is the incidence of a tax, and how does it affect producers & consumers?
7. Why would the gov’t give out tax incentives? What is a sin tax? Give examples
8. What is the economic impact of taxes?
9. What created the federal individual income tax and when?
10. How is the federal income tax collected?
11. Why is the federal income tax so important to the government and fiscal policy?