***Chapter 14 Notes (Vocabulary)***

* **Tax -** a payment to a state, local or national government
* **3 levels of government:**
	+ *Local (municipal)- property tax*
	+ *State – sales tax*
	+ *Federal – income tax*
* **Income Tax -** a tax on the money a person makes
* **Sales Tax -** a tax on goods and services being sold
* **Property Tax -** a tax on the value of property (land, house, business) owned
* **Progressive Tax –** percentage of income paid in taxes increases as income goes up (income tax)
* **Regressive Tax -** percentage of income paid in taxes goes down as income goes up (sales tax)
* **Revenue –** income received by a government from taxes
* **Tax base –** income, property, good & services that are taxable
* **Individual income tax –** a tax on a person’s earnings
* **Corporate income tax –** a tax on a company’s profits
* **Proportional tax –** percentage of tax stays the same for all income levels
* **Withholding –** taking tax payments out of a person’s pay check
* **Tax return –** form used to file taxes to the IRS
* **Taxable income –** income that has to be taxed
* **Personal exemption –** set amount that is subtracted from gross income for yourself, spouse or dependents
* **Deductions –** amounts that you subtract from gross income
* **FICA –** taxes that fund Social Security and Medicare
* **Medicare –** national health insurance program
* **Estate tax –** a tax on the total value of money and property of a person who has die
* **Gift tax –** a tax on money or property that one living person gives to another person
* **Tariff –** a tax on imported goods (things that are brought into a country)
* **Mandatory spending –** spending on certain programs that is required by law
* **Operating budget –** budget for day-to-day expenses
* **Capital Budget –** budget for expenses that have to be planned out (new freeway)
* **Tax exempt –** not required to have a tax
* **Entitlement –** social welfare program that people get if they meet requirements
	+ If family (household) is below the poverty threshold