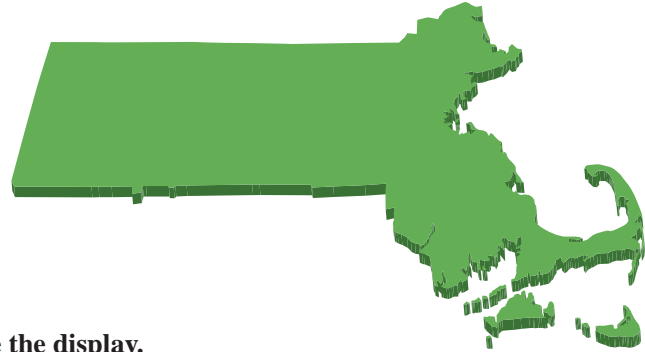


Chapter 5 Review Exercises

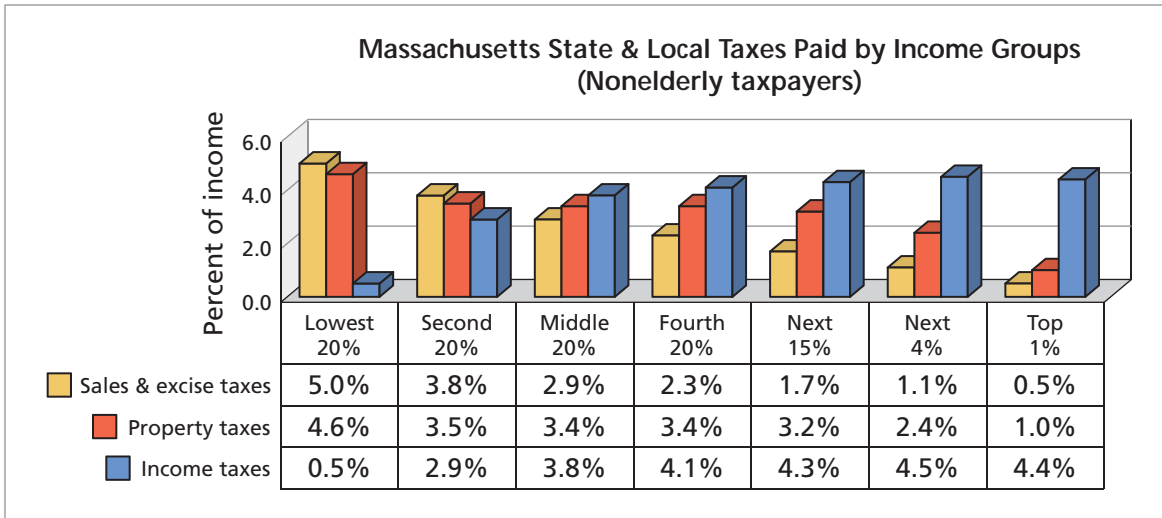
Section 5.1

Massachusetts State Income Tax Massachusetts has a flat income tax with a rate of 5.3%. In Exercises 1 and 2, determine how much state income tax the person owes.



1. A person who lives in Massachusetts has a taxable income of \$45,000.
2. A person who lives in Massachusetts has a taxable income of \$1,000,000.

Massachusetts State and Local Taxes In Exercises 3–6, use the display.



3. The income for a family in the middle 20% is \$53,000. How much, in dollars, does this family pay for each type of tax?
4. The income for a family in the top 1% is \$2,600,000. How much, in dollars, does this family pay for each type of tax?
5. Determine whether the three types of taxes are regressive, flat, or progressive in Massachusetts.
6. Are taxes, as a whole, regressive, flat, or progressive in Massachusetts? Explain your reasoning.
7. **Alcohol Sales Tax** Massachusetts had a 6.25% sales tax on alcohol from August 2009 to December 2010. Part of the revenue from the tax was used to fund substance abuse programs. This tax was abolished in December 2010. Do you agree with such a tax? Why or why not?
8. **Effects of a Tax** Suppose the revenue from a sales tax on cigarettes is used to offset the costs of a new health insurance law. Discuss ways in which the tax might help the people who are paying the tax.

