

The city of Springvale imposes a net income tax on businesses operating within its jurisdiction. The tax equals 1% of income up to \$100,000 and 1.5% of income in excess of \$100,000. The Springvale Bar and Grill generated \$782,000 net income this year. Compute its city income tax.

\$11,730

None of these choices are correct

\$11,230

\$10,230

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Topic : The Relationship between Base, Rate, and Revenue

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 49 The city of Springvale imposes a net income...

According to the U.S. Supreme Court, states may require businesses to collect sales tax based on the residency of the purchaser.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-08 Discuss the reasons why governments modify their tax systems.

Topic : Dynamic Nature of Taxation

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 28 According to the U.S. Supreme Court...

The person who pays a tax directly to the government always bears the economic incidence of the tax.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 6 The person who pays a tax directly to the...

Which of the following sources of tax law carries the most authority?

Revenue procedure

Treasury regulation

The three sources of tax law have equal authority

Supreme Court decision

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 85 Which of the following sources of tax law...

Which of the following statements concerning judicial authority is **false**?

Appellate court decisions have more authority than trial court decisions.

None of these statements are false.

Supreme Court decisions are the equivalent of law.

Supreme Court decisions have more authority than appellate court decisions.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 84 Which of the following statements...

Which of the following is not characteristic of an excise tax?

The purchaser is responsible for paying any excise tax directly to the government.

All of these choices are characteristics of an excise tax.

Excise tax rates typically are higher than general sales tax rates.

An excise tax is levied on the retail sale of specific goods.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 61 Which of the following is not characteristic...

Mrs. King is a U.S. citizen who permanently resides in South Africa. Which of the following statements is **true**?

The U.S. government has no jurisdiction to tax Mrs. King because she does not earn any income from a source within the United States.

The U.S. government has no jurisdiction to tax Mrs. King because she does not live in the United States.

Mrs. King can elect whether to pay tax to the United States or to South Africa.

The U.S. government has jurisdiction to tax Mrs. King.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 42 Mrs. King is a U.S. citizen who permanently...

Treasury regulations are tax laws written by the Treasury Department.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 33 Treasury regulations are tax laws written...

Which of the following is not characteristic of a tax?

A tax is levied by a government.

All of these choices are characteristics of a tax.

A tax is compulsory.

A tax is intended to punish unacceptable behavior.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 34 Which of the following is not...

Mr. Smith resides in a state with a 6% sales and use tax. He recently traveled to another state to buy furniture and paid that state's 7% sales tax. Which of the following statements is **true**?

Mr. Smith is entitled to a refund of 1% of the purchase price of the furniture.

None of these choices are true.

Mr. Smith does not owe a use tax to his home state.

Mr. Smith's use tax liability to his home state equals 6% of the purchase price of the furniture.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 58 Mr. Smith resides in a state with a 6% sales...

Acme Incorporated's federal income tax increased by \$100,000 this year. As a result, Acme reduced the annual dividend paid on its common stock by \$100,000. Who bears the incidence of the corporate tax increase?

Acme's customers

Acme Incorporated

Acme's employees

Acme's shareholders

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 38 Acme Incorporated's federal income tax increased by \$100,000 this...

Mrs. Renfru is a Brazilian citizen who permanently resides in Houston, Texas. Which of the following statements is **true**?

The U.S. government has jurisdiction to tax Mrs. Renfru only on income that she earns from a source within the United States.

The U.S. government has jurisdiction to tax Mrs. Renfru.

Mrs. Renfru can elect whether to pay tax to the United States or to Brazil.

The U.S. government has no jurisdiction to tax Mrs. Renfru because she is not a U.S. citizen.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 43 Mrs. Renfru is a Brazilian citizen who...

The Internal Revenue Code is written by the Internal Revenue Service.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 29 The Internal Revenue Code is written by the...

Which tax raises the most revenue for the federal government?

Corporate income tax

Excise taxes

Transfer taxes

Individual income tax

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 3 Hard

Gradable : automatic

Learning Objective : 01-05 Describe the taxes levied by the federal government.

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 64 Which tax raises the most revenue for the...

Which of the following statements regarding tax systems is **false**?

A tax base is an item, occurrence, transaction, or activity with respect to which a tax is levied.

With regard to tax systems, the term revenue refers to the total tax collected by the government.

When designing a tax, governments try to identify tax bases that taxpayers can easily avoid or conceal.

A single percentage that applies to the entire tax base is described as a flat rate.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Topic : The Relationship between Base, Rate, and Revenue

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 44 Which of the following statements regarding...

The federal government collects more revenue from the corporate income tax than from the individual income tax.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the taxes levied by the federal government.

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 23 The federal government collects more...

The property tax on a rental house owned by Mr. Janey increased by \$1,200 this year. Mr. Janey increased the monthly rent charged to his tenant, Ms. Lacey, by \$45. Who bears the incidence of the property tax increase?

Mr. Janey

Ms. Lacey

Neither Mr. Janey nor Ms. Lacey

Both Mr. Janey and Ms. Lacey

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 37 The property tax on a rental house owned by...

What is the major difference between a sales tax and an excise tax?

Sales taxes must be collected by the seller, while excise taxes must be paid directly by the purchaser.

Sales taxes are levied by state governments, while excise taxes are levied only by the federal government.

Sales taxes are imposed on the purchase of tangible goods, while excise taxes are imposed on the purchase of services.

Sales taxes are imposed on the purchase of a wide variety of items, while excise taxes are imposed on the purchase of a few specific items.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 62 What is the major difference between...

Which of the following is an example of a transaction-based tax?

An estate tax on the transfer of assets at death

An excise tax

Both an excise tax and an estate tax on the transfer of assets at death.

A tax on net business income

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Topic : The Relationship between Base, Rate, and Revenue

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 45 Which of the following is an example of...

Which of the following is not an advantage of state conformity to federal corporate income tax laws?

Conformity eases the compliance burden of corporate taxpayers.

All of these choices are advantages of state conformity.

States do not have to enact comprehensive corporate income tax statutes.

States have complete control over their corporate income tax revenues.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 63 Which of the following is not an advantage...

In some cases, the payer of a tax can shift the economic incidence of the tax to a third party.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 7 In some cases, the payer of a tax can shift...

Forrest Township levies a tax on the assessed value of real property located within the town limits. The tax equals 1.4% of the value up to \$300,000 plus 2% of any value in excess of \$300,000. Mildred Payne owns real estate with a \$983,500 assessed value. Compute her property tax.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : manual

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Topic : The Relationship between Base, Rate, and Revenue

Type : Static

Source : Chapter 01 Test Bank - Static > ES Qu. 88 Forrest Township levies a tax on the...

Fewer than half of the state governments depend on some form of gambling as a source of revenue.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-08 Discuss the reasons why governments modify their tax systems.

Topic : Dynamic Nature of Taxation

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 27 Fewer than half of the state governments...

Payment of a tax entitles the payer to a specific good or service from the government.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 1 Payment of a tax entitles the payer to...

The U.S. government does not have jurisdiction to tax U.S. citizens who are permanent residents of another country.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 10 The U.S. government does not have jurisdiction...

Revenue rulings and revenue procedures are written by:

The Supreme Court

The Internal Revenue Service

The Department of the Treasury

The United States Congress

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 81 Revenue rulings and revenue procedures are...

Which of the following statements about the Internal Revenue Code is **false**?

The Internal Revenue Code has not been amended since 1986.

The Internal Revenue Code consists of numerically organized sections.

Only Congress has the authority to amend the Internal Revenue Code.

The Internal Revenue Code is part of federal statutory law.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 78 Which of the following statements about the...

When did the federal income tax become a permanent tax?

During the Civil War

Immediately after the Revolutionary War

In 1913 when the Sixteenth Amendment to the U.S. Constitution was ratified

In 1939 when Congress enacted the first Internal Revenue Code

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the taxes levied by the federal government.

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 68 When did the federal income tax become...

The city of Mayfield charges individuals convicted of DWI (driving while intoxicated) \$500 for the first conviction and \$2,000 for any subsequent conviction. These charges are an example of a(n):

User's fee

Activity-based tax

Transaction-based tax

Government penalty

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 36 The city of Mayfield charges individuals...

Taxes on personal property are more difficult to administer and enforce than taxes on real property.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-03 Describe the taxes levied by local governments.

Topic : Local Taxes

Topic : Retail Sales, Use, and Excise Taxes

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 16 Taxes on personal property are more...

Which of the following statements about sales and use taxes is **true**?

If an individual pays a sales tax on the purchase of an item, she will also have to pay a use tax on the purchase.

Many states that impose a sales tax do not impose a complementary use tax.

If an individual pays a sales tax on the purchase of an item, she will not have to pay a use tax on the purchase.

None of these choices are true.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 3 Hard

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 59 Which of the following statements about...

Government Q imposes a net income tax on businesses operating within its jurisdiction. The tax equals 3% of income up to \$500,000 and 5% of income in excess of \$500,000. Company K generated \$782,000 net income this year. Compute the income tax that Company K owes to Q.

\$29,100

\$39,100

\$14,100

None of these choices are correct

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Topic : The Relationship between Base, Rate, and Revenue

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 50 Government Q imposes a net income tax on...

Which type of tax is not levied by the federal government?

Employment taxes

Corporate income tax

Individual income tax

General sales tax

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-07 Summarize why different jurisdictions compete for revenues from the same t

Topic : Jurisdictional Competition

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 73 Which type of tax is not levied by the...

Which of the following taxes is generally the most significant source of revenue for local governments?

None of these choices are correct

Real property tax

Employment tax

Income tax

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-03 Describe the taxes levied by local governments.

Topic : Local Taxes

Topic : Retail Sales, Use, and Excise Taxes

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 52 Which of the following taxes is...

The incidence of a state sales tax levied on the purchase of retail goods is:

Borne by the seller who must collect and remit the tax.

Borne by the ultimate purchaser of the goods.

Borne by the government that levies the tax.

None of these choices are correct.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 56 The incidence of a state sales tax levied...

Which of the following does not contribute to the dynamic nature of the tax law?

The political pressure from professional lobbyists

All of these choices contribute to the dynamic nature of the tax law

Changes in revenue needs of the government

Changes in the economic and social climate

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-08 Discuss the reasons why governments modify their tax systems.

Topic : Dynamic Nature of Taxation

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 75 Which of the following does not contribute...

The U.S. government has jurisdiction to tax individuals who are not U.S. citizens but who are permanent U.S. residents.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 8 The U.S. government has jurisdiction to tax...

A tax with a graduated rate structure must have at least two brackets of tax base.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Topic : The Relationship between Base, Rate, and Revenue

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 11 A tax with a graduated rate structure...

The federal government imposed the first income tax to raise money to fight the War of 1812.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-05 Describe the taxes levied by the federal government.

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 21 The federal government imposed the first...

Which of the following sources of tax law carries the least authority?

Revenue ruling

Section 736 of the Internal Revenue Code

The three sources of tax law have equal authority

Treasury regulation

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 86 Which of the following sources of tax law...

Which of the following statements regarding the political process of creating tax law is **false**?

When taxpayers devise a new tactic for reducing their tax burdens, governments respond by enacting a new rule to render the tactic ineffective.

Special interest groups have little effect on the tax legislative process.

The political process contributes to the dynamic nature of the tax law.

Changes in political philosophy often reflect shifts in the public attitude about the proper role of taxes in society.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-08 Discuss the reasons why governments modify their tax systems.

Topic : Dynamic Nature of Taxation

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 76 Which of the following statements regarding...

Which of the following taxes is a significant source of revenue for state governments?

Individual income tax

Corporate income tax

General sales tax

All of these choices are correct

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 60 Which of the following taxes is...

Which of the following statements about Treasury regulations is **false**?

A federal court can invalidate a Treasury regulation if the court concludes that the regulation incorrectly interprets the Internal Revenue Code.

Treasury regulations are written to interpret and explain the Internal Revenue Code.

None of these choices are false.

Treasury regulations are part of the statutory law.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 80 Which of the following statements about...

Mr. Dodd resides in a state with a 6% sales and use tax. He recently traveled to another state to buy furniture and paid that state's 4% sales tax. Which of the following statements is **true**?

Mr. Dodd does not owe a use tax to his home state.

None of these choices are true.

Mr. Dodd's use tax liability to his home state equals 6% of the purchase price of the furniture.

Mr. Dodd's use tax liability to his home state equals 2% of the purchase price of the furniture.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 57 Mr. Dodd resides in a state with a 6% sales...

Which of the following statements concerning sales taxes is **false**?

Sales taxes are collected by the seller when the sale is made.

Sales taxes apply to the purchase of most types of consumer services.

Sales taxes apply to the purchase of most types of consumer goods.

Sales taxes imposed on the purchaser of retail items are consumption taxes.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 55 Which of the following statements concerning...

Which of the following federal taxes is not earmarked for a specific purpose?

Transfer taxes

Employment taxes

All of these choices are earmarked taxes.

Unemployment taxes

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 3 Hard

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Learning Objective : 01-05 Describe the taxes levied by the federal government.

Topic : The Relationship between Base, Rate, and Revenue

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 66 Which of the following federal taxes is not...

Which of the following is an example of an activity-based tax?

A gift tax on the transfer of assets by gift

An excise tax

A tax on business' net income

Both a tax on business' net income and a gift tax on the transfer of assets by gift

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Topic : The Relationship between Base, Rate, and Revenue

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 46 Which of the following is an example of an...

A business that operates in more than one state is required to pay state income tax only to the state in which it is incorporated.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-07 Summarize why different jurisdictions compete for revenues from the same t

Topic : Jurisdictional Competition

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 25 A business that operates in more than one...

The U.S. Constitution requires that federal tax legislation begins in the Senate.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 30 The U.S. Constitution requires that federal...

Which of the following is not considered administrative authority?

Tax Court decisions

All of these choices are administrative authorities

Treasury regulations

Revenue rulings

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 82 Which of the following is not considered...

Which of the following is an earmarked tax?

A tax imposed on the purchase of specific items such as liquor or cigarettes

A tax imposed only on individuals who earn more than \$1 million annually

A tax that generates revenues that the government can spend for any purpose

A tax that generates revenues that the government can spend only to build more National Parks

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Topic : The Relationship between Base, Rate, and Revenue

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 47 Which of the following is an...

How often does Congress amend the Internal Revenue Code?

Occasionally (perhaps once every decade)

Rarely (the Internal Revenue Code has not been amended since 1986)

Constantly (at least once a year)

Regularly (at least once every five years)

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 79 How often does Congress amend the Internal...

Which of the following characterizes a good tax base?

All of these choices characterize a good tax base.

Taxpayers cannot easily avoid or conceal the base.

The base can be easily expressed in monetary terms.

Taxpayers cannot easily move the base from one jurisdiction to another.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Topic : The Relationship between Base, Rate, and Revenue

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 48 Which of the following characterizes a good...

The U.S. government has jurisdiction to tax individuals who are not U.S. citizens or permanent U.S. residents but who earn income from a source within the United States.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 9 The U.S. government has jurisdiction to tax individuals...

Company N operates a mail order business out of its headquarters in Tulsa, Oklahoma. This year, it mailed \$892,000 worth of product to customers residing in Oklahoma and \$489,300 worth of product to customers residing in Missouri. Which of the following statements is **true**?

Company N must collect Oklahoma sales tax from its Oklahoma customers. Missouri may require Company N to collect Missouri sales tax from its Missouri customers.

Company N is not required to collect Oklahoma sales tax from its Oklahoma customers.

Company N is not required to collect sales tax on any mail order sales.

Company N must collect Oklahoma sales tax from both its Oklahoma and Missouri customers.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 3 Hard

Gradable : automatic

Learning Objective : 01-07 Summarize why different jurisdictions compete for revenues from the same t

Learning Objective : 01-08 Discuss the reasons why governments modify their tax systems.

Topic : Jurisdictional Competition

Topic : Dynamic Nature of Taxation

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 74 Company N operates a mail order business...

The state of Virginia charges motorists 50 cents for every trip across a toll bridge over the James River. This charge is an example of a(n):

Excise tax

Activity-based tax

User's fee

Transaction-based tax

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 35 The state of Virginia charges motorists 50...

Purchasers of consumer goods through the mail are responsible for paying use tax on goods for which sales tax was not collected by the seller.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 19 Purchasers of consumer goods through the...

Acme Incorporated's property taxes increased by \$65,000 this year. As a result, Acme increased the sale prices of its products to generate \$65,000 more revenue. Who bears the incidence of the corporate tax increase?

Acme's employees.

Acme's customers.

Acme's shareholders.

Acme Incorporated

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 39 Acme Incorporated's property taxes increased by \$65,000 this...

Sellers of retail goods are responsible for collecting sales tax from their customers and remitting the tax to the state government.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 18 Sellers of retail goods are responsible for...

Under U.S. tax law, corporations are entities separate and distinct from their shareholders.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 5 Under U.S. tax law, corporations are...

Both the U.S. House of Representatives and the U.S. Senate must vote to approve a new federal tax bill before the bill is signed into law by the President.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 32 Both the U.S. House of Representatives and the U.S. Senate...

A state government may levy either a sales tax or a use tax on consumers but not both.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 17 A state government may levy either a sales...

Which of the following federal taxes is earmarked for a specific purpose?

Unemployment taxes

Employment taxes

Both employment taxes and unemployment taxes are earmarked taxes.

Corporate income tax

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 3 Hard

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Learning Objective : 01-05 Describe the taxes levied by the federal government.

Topic : The Relationship between Base, Rate, and Revenue

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 65 Which of the following federal taxes is...

Ms. Penser resides in the city of Lanock, Tennessee. She owns 100% of the stock of PSW Incorporated, which is incorporated under Tennessee law and conducts business in six different local jurisdictions in Tennessee.

- A. How many taxpayers are identified in the above statement of facts?
- B. Identify the governments with jurisdiction to tax each of these taxpayers.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : manual

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > ES Qu. 87 Ms. Penser resides in the city of Lanock,...

What gives the federal government the right to impose a tax on individual and corporate income?

Bill of Rights

Internal Revenue Code of 1986

Sixteenth Amendment to the U.S. Constitution

Revenue Act of 1913

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the taxes levied by the federal government.

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 67 What gives the federal government the right...

Grant Wilson is an employee of Market Enterprises, a corporation operating in State A. Identify the different types of potential taxes to be paid by both Grant and Market Enterprises with respect to this employment relationship.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : manual

Learning Objective : 01-04 Describe the taxes levied by state governments.

Learning Objective : 01-05 Describe the taxes levied by the federal government.

Topic : Retail Sales, Use, and Excise Taxes

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > ES Qu. 90 Grant Wilson is an employee of Market...

The U. S. House Ways and Means Committee is responsible for drafting new federal tax legislation.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 31 The U. S. House Ways and Means Committee...

Ad valorem property taxes are the major source of revenue for local governments.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-03 Describe the taxes levied by local governments.

Topic : Local Taxes

Topic : Retail Sales, Use, and Excise Taxes

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 15 Ad valorem property taxes are the major...

The federal government does not levy property taxes or a general sales tax.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-05 Describe the taxes levied by the federal government.

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 24 The federal government does not levy...

Which of the following does not characterize federal transfer taxes?

The tax is a transaction tax.

The tax is based on the value of property transferred by gift or at death.

The tax is imposed on individuals but not on corporations.

All of these choices characterize federal transfer taxes.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 3 Hard

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Learning Objective : 01-05 Describe the taxes levied by the federal government.

Topic : The Relationship between Base, Rate, and Revenue

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 70 Which of the following does not characterize...

Which of the following is/are not a primary source of authority for the tax law?

A revenue ruling published by the Internal Revenue Service

Section 162 of the Internal Revenue Code

All of these choices are primary sources of authority

Treasury Reg. §1.351-2

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 77 Which of the following is/are not a primary...

The U.S. Constitution gives the federal government the power to impose a tax on income from whatever source derived.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the taxes levied by the federal government.

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 22 The U.S. Constitution gives the federal...

A sales tax can best be described as a(n):

Consumption tax

Activity tax

Ad valorem tax

Income tax

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 54 A sales tax can best be described as...

Acme Incorporated's property taxes increased by \$19,000 this year. As a result, Acme eliminated \$19,000 from its budget for the employee Christmas party. Who bears the incidence of the corporate tax increase?

Acme's shareholders.

Acme's employees.

Acme Incorporated

Acme's customers.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 40 Acme Incorporated's property taxes increased by \$19,000 this...

Richton Company operates its business solely in Jurisdiction H, which levies a 6% sales and use tax. This year, Richton paid \$1,438,000 to purchase tangible property from a dealer located in Jurisdiction W. This purchase was subject to W's 3.5% sales tax. The property was shipped to Richton's office in Jurisdiction H for use in its business. Compute Richton's sales or use tax with respect to this transaction.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : manual

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > ES Qu. 89 Richton Company operates its business...

The potential for conflict among taxing jurisdictions is greatest for businesses operating on a global scale.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-07 Summarize why different jurisdictions compete for revenues from the same t

Topic : Jurisdictional Competition

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 26 The potential for conflict among taxing...

A sales tax is an example of a transaction-based tax.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Topic : The Relationship between Base, Rate, and Revenue

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 12 A sales tax is an example of a...

Which of the following statements concerning property taxes is **false**?

Property taxes can be levied on realty or personalty.

Property taxes are the primary source of revenue for local governments.

Property taxes are ad valorem taxes.

None of these choices are false.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-03 Describe the taxes levied by local governments.

Topic : Local Taxes

Topic : Retail Sales, Use, and Excise Taxes

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 53 Which of the following statements...

A tax on net income is an example of a transaction-based tax.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Topic : The Relationship between Base, Rate, and Revenue

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 13 A tax on net income is an example of...

A sales tax is an example of an activity-based tax.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-02 Express the relationship between tax base, rate, and revenue as a formula.

Topic : The Relationship between Base, Rate, and Revenue

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 14 A sales tax is an example of...

Mr. Bilboa is a citizen of Portugal. Which of the following statements is **true**?

The U.S. government has jurisdiction to tax Mr. Bilboa if he is a permanent resident of the United States.

The U.S. government has jurisdiction to tax Mr. Bilboa if he earns income from a business he operates in Florida.

The U.S. government has no jurisdiction to tax Mr. Bilboa because he is not a U.S. citizen.

Both the U.S. government has jurisdiction to tax Mr. Bilboa if he is a permanent resident of the United States and the U.S. government has jurisdiction to tax Mr. Bilboa if he earns income from a business he operates in Florida are true.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 41 Mr. Bilboa is a citizen of Portugal. Which...

A tax is intended to deter or punish unacceptable behavior.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 3 A tax is intended to deter or punish...

Company D, which has its home office in Raleigh, North Carolina, conducts business in the United States, Canada, and Mexico. Which of the following statements is **true**?

Because Company D must pay income tax to North Carolina, it is not required to pay tax to any other state.

Because Company D must pay income tax to North Carolina, it is not required to pay federal income tax.

Because Company D must pay income tax to the United States, it is not required to pay tax to Canada or Mexico.

None of these choices are true.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-07 Summarize why different jurisdictions compete for revenues from the same t

Topic : Jurisdictional Competition

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 71 Company D, which has its home office in...

Which of the following taxes is not a significant source of revenue for local governments?

Real property tax

All of these choices are correct

Employment tax

Personal property tax

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-03 Describe the taxes levied by local governments.

Topic : Local Taxes

Topic : Retail Sales, Use, and Excise Taxes

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 51 Which of the following taxes is not...

A revenue ruling is an example of:

Editorial authority

Legislative authority

Administrative authority

Judicial authority

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-09 Identify the three primary sources of federal tax law.

Topic : Sources of Federal Tax Law

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 83 A revenue ruling is an example...

A user fee entitles the payer to a specific good or service from the government.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 2 A user fee entitles the payer to a specific...

Which of the following does not characterize federal transfer taxes?

The tax is imposed on the value of wealth transferred by an individual as a gift.

The tax is imposed on the value of wealth transferred because of the death of an individual.

All of these choices characterize federal transfer taxes.

The tax is imposed on the value of wealth transferred by an individual to charity.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-05 Describe the taxes levied by the federal government.

Topic : Federal Income Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 69 Which of the following does not...

SJF Incorporated, which has its corporate offices in Boise, Idaho, conducts business in Idaho, Oregon, California, and British Columbia, Canada. Which of the following statements is **true**?

SJF may be required to pay income tax to Idaho, Oregon, California, British Columbia, the United States, and Canada.

SJF must pay income tax only to Idaho and the United States.

SJF must pay income tax only to Idaho, Oregon, California, and the United States.

SJF may be required to pay income tax to either the United States or to Canada, but not to both.

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-07 Summarize why different jurisdictions compete for revenues from the same t

Topic : Jurisdictional Competition

Type : Static

Source : Chapter 01 Test Bank - Static > MC Qu. 72 SJF Incorporated, which has its corporate offices...

The majority of state governments raise revenue from both personal and corporate income taxes.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 2 Medium

Gradable : automatic

Learning Objective : 01-04 Describe the taxes levied by state governments.

Topic : Retail Sales, Use, and Excise Taxes

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 20 The majority of state governments raise...

A tax is a payment to support the cost of government.

true

false

Question Details

Accessibility : Screen Reader/Keyboard/CC

Difficulty : 1 Easy

Gradable : automatic

Learning Objective : 01-01 Define tax, taxpayer, incidence, and jurisdiction.

Topic : Some Basic Terminology

Type : Static

Source : Chapter 01 Test Bank - Static > TF Qu. 4 A tax is a payment to support the cost of...

Answer Key

Test name: Ch1_Principles of Taxation for Business_2026

C

$$(1\% \times \$100,000) + (1.5\% \times \$682,000) = \$11,230.$$

TRUE

In 2018, by a vote of 5-4 (in favor of South Dakota and against online retailer Wayfair), the Supreme Court decided that states can require merchants to collect sales taxes for purchases by residents within the state, even if the merchant doesn't have a "physical presence" in the state.

FALSE

D

B

A

Sellers (not purchasers) are responsible for collecting and remitting excise taxes to the government.

D

FALSE

D

C

D

B

FALSE

D

Refer to Exhibit 1.1

C

FALSE

D

Mr. Janey shifted only \$540 ($\$45 \times 12$ months) of the \$1,200 tax increase to Ms. Lacey by increasing her rent.

D

C

D

TRUE

Essay

Mildred's property tax is \$17,870 ($\$4,200 [\$300,000 \times 1.4\%] + \$13,670 [\$683,500 \times 2\%]$).

FALSE

FALSE

FALSE

B

A

C

D

TRUE

D

A

$(3\% \times \$500,000) + (5\% \times \$282,000) = \$29,100.$

D

B

B

B

TRUE

TRUE

FALSE

A

B

D

D

D

B

Sales taxes typically apply to only a few select consumer services.

A

Employment taxes fund the Social Security and Medicare programs, and unemployment taxes fund the national unemployment insurance system. Transfer tax revenues are a source of general revenue.

C

FALSE

FALSE

A

D

C

A

TRUE

A

In 2018, by a vote of 5-4 (in favor of South Dakota and against online retailer Wayfair), the Supreme Court decided that states can require merchants to collect sales taxes for purchases by residents of the state, even if the merchant lacks a "physical presence" in the state.

C

TRUE

B

TRUE

TRUE

TRUE

FALSE

C

Employment taxes fund the Social Security and Medicare programs, and unemployment taxes fund the national unemployment insurance system.

Essay

- A. Ms. Penser is an individual taxpayer, and PSW Incorporated is a corporate taxpayer.
- B. The city of Lanock, the state of Tennessee, and the United States have jurisdiction to tax Ms. Penser. The six local jurisdictions, the state of Tennessee, and the United States have jurisdiction to tax PSW Incorporated.

C

Essay

Grant is potentially liable for federal, state, and local income taxes. He will also be liable for federal employment taxes. Market Enterprises will pay federal employment taxes, federal unemployment taxes and state unemployment taxes based on compensation paid to Grant.

TRUE

TRUE

TRUE

D

C

TRUE

A

B

Essay

Richton must pay \$50,330 sales tax to Jurisdiction W ($\$1,438,000 \times 3.5\%$), and \$35,950 use tax to Jurisdiction H ($\$86,280 [\$1,438,000 \times 6\%] - \$50,330$).

TRUE

TRUE

D

FALSE

FALSE

D

FALSE

D

Company D may have to pay income tax to multiple state and local governments, as well as to the United States, Canada, and Mexico.

C

C

TRUE

D

A

SJF may have to pay income tax to every taxing jurisdiction within which it conducts business.

TRUE

TRUE