

Info Sheet

Families Feel the Effect of Taxes

Theme 3: Fairness in Taxes
Lesson 5: How Taxes Affect Us

The following charts compare three tax systems and the ways they affect the same groups of people. The first chart shows a flat tax rate on all incomes—a proportional tax.



The second shows a regressive tax—everyone pays the same dollar amount.



The third illustrates a progressive tax with a graduated tax rate—a higher percentage is assessed on higher income taxpayers.

Review the three tax charts from the perspective of Families A, B, and C. Which tax is most fair for each family based on ability to pay: regressive, progressive, or proportional?

PROPORTIONAL TAX			
	Income	Percentage of Income Paid in Tax	Amount of Tax
Family A	\$10,000	20%	\$2,000
Family B	\$50,000	20%	\$10,000
Family C	\$100,000	20%	\$20,000

REGRESSIVE TAX			
	Income	Percentage of Income Paid in Tax	Amount of Tax
Family A	\$10,000	20%	\$2,000
Family B	\$50,000	4%	\$2,000
Family C	\$100,000	2%	\$2,000

PROGRESSIVE TAX			
	Income	Percentage of Income Paid in Tax	Amount of Tax
Family A	\$10,000	10%	\$1,000
Family B	\$50,000	20%	\$10,000
Family C	\$100,000	30%	\$30,000