

Review Questions – Definitions

Name: _____

Date: _____

A1 – Provide a brief description of each of the following terms:

underground economy _____

voluntary compliance _____

budget _____

penalties _____

infrastructure _____

income tax _____

transfer payments _____

tax evasion _____

A2 – Match the term in the left column with the appropriate definition in the right column by drawing a line between the two.

underground economy	a statement of planned revenues and expenditures for a fiscal year that the government uses to set priorities for its programs.
voluntary compliance	a compulsory contribution levied on persons, property, or businesses for the support of government for economic and social operations.
budget	taxpayers filing required tax returns and payments on time without the need for enforcement or collection activity.
penalties	people or businesses that operate in a manner contrary to tax laws to reap benefits from not reporting and paying their required share of the taxes and other dues that they rightfully owe. Their actions negatively impact the government's ability to deliver services to the public.
infrastructure	typically involves deliberately ignoring a specific part of the law. For example, those participating in tax evasion may under-report taxable receipts or claim expenses that are non-deductible or overstated. They might also attempt to evade taxes by wilfully refusing to comply with legislated reporting requirements.
income tax	the essential or foundational elements of a system or structure. Roads, sewers, water and power are the infrastructure of a city.
transfer payments	amounts taxpayers must pay if they fail to file their return and make any payments on time, or if they try to evade paying tax by not filing a return. Anyone who makes false statements or omissions on their return and who do not provide the information requires on a prescribed form must also pay a penalty.
tax evasion	the federal government collects tax to pay for federally sponsored programs. The federal government also transfers money, known as transfer payments, to the provinces to pay for programs that they administer. The provinces in turn, make further transfers to municipalities.