

Three Types of Taxes

Type of Tax	Income of \$10,000	Income of \$100,000	Summary
Proportional	<i>City Occupational Tax</i> \$97.50 or .975% of income	<i>City Occupational Tax</i> \$975.00 or .975% of income	As income goes up, the percent of income paid in taxes <i>stays the same</i> .
Progressive	<i>Federal Income Tax</i> \$1,000 paid in taxes, or 10% of total income	<i>Federal Income Tax</i> \$25,000 paid in taxes, or 25% of total income	As income goes up, the percent of income paid in taxes <i>goes up</i> .
Regressive	<i>State Sales Tax</i> \$5,000 in food and clothing purchases, taxed at 4% for a total tax of \$200 or 2% of income.	<i>State Sales Tax</i> \$20,000 in food and clothing purchases, taxed at 4% for a total tax of: \$800 or .8% of income	As income goes up, the percent of income paid in taxes <i>goes down</i> .

Using Tables Proportional, progressive, and regressive are the three main types of taxes. **Under which type of tax do individuals with lower incomes pay a smaller percentage than do those with higher incomes?**