

# Assessment

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Theme 2: Taxes in U.S. History  
Lesson 7: Tax Reform in the 1990s and 2000s

## *Part 1*

Match the descriptions to their correct term using the answer key and continue to Part 2.

### ***Answer Key:***

- A.** Nonrefundable credit
- B.** Lifetime Learning credit
- C.** Child and Dependent Care credit
- D.** First-Time Homebuyer credit
- E.** American Opportunity credit
- F.** Making Work Pay credit
- G.** Child tax credit

- \_\_\_\_\_ This nonrefundable education credit places no limits on how many years it can be used
- \_\_\_\_\_ This was intended to help families purchase a home in a tough housing market
- \_\_\_\_\_ This started as a \$400 credit per child under age 17 for qualified taxpayers
- \_\_\_\_\_ This prevents taxpayers from receiving a refund for excess credit
- \_\_\_\_\_ This helps offset qualified costs of childcare and dependent care
- \_\_\_\_\_ This refundable credit helps offset qualified expenses for the first four years of college
- \_\_\_\_\_ This credit was intended to encourage wage earners to spend more

## *Part 2*

Answer True or False for the following statements.

- \_\_\_\_\_ 1. The only people who benefit from a refundable tax credit are taxpayers who owe less in taxes than the amount of the credit due to them.
- \_\_\_\_\_ 2. There is no tax credit for expenses that occur after four years of college.
- \_\_\_\_\_ 3. Taxpayers who purchase their first home to be used as a rental property may qualify for the First-Time Homebuyer credit.
- \_\_\_\_\_ 4. The child tax credit is meant to offset most childcare expenses.
- \_\_\_\_\_ 5. Two examples of refundable credits are the First-Time Homebuyer credit and the Making Work Pay credit.
- \_\_\_\_\_ 6. A federal budget surplus occurs when the government's expenses surpass revenues.