

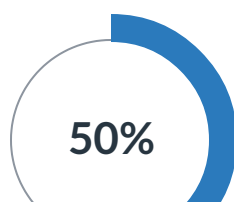
Chapter 3 - Preparing Your Taxes

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Your Answers:

1 0 / 1 point

Every individual or married couple is required to file a federal income tax return regardless of the amount of income earned.

☒ True

Correct Answer: False

☐ False

Feedback

General Feedback

Only those individuals or married couples who earn a specified minimum level of income [the amount of the applicable standard deduction] or wish to receive a refund or withheld taxes are required to file a tax return.

2 0 / 1 point

Federal income taxes are levied against the total amount of money earned.

☒ True

Correct Answer: False

☐ False

Feedback

General Feedback

Federal income taxes are levied against your taxable income, which is the amount remaining after adjustments and deductions have been subtracted from gross income.

3 1 / 1 point

Gains on the sale of investments such as stocks, bonds, and real estate are taxed at the lower capital gains tax rate.

☐ True



☒ False

Feedback

General Feedback

Only capital gains on investments held for longer than 12 months (long-term) qualify for tax rates lower than those on ordinary income. Short-term capital gains are taxed at ordinary income rates.

4 0 / 1 point

Tax credits, and deductions reduce your taxable income by comparable amounts.



☐ True

Correct Answer: **False**

☐ False

Feedback

General Feedback

Tax credits are far more valuable than comparable dollar amounts of deductions because they directly reduce, dollar for dollar, the amount of taxes due.

5

1 / 1 point

An easy way to earn tax-deferred income is to invest in Series EE savings bonds.

☒ True

False

Feedback

General Feedback

The interest income from a Series EE savings bond can be tax deferred. The holder can elect to delay payment of taxes until the earlier of the year the bonds are redeemed for cash or the year in which they finally mature.

6

1 / 1 point

The amount of federal income tax withheld depends on both your level of earnings and the number of withholding allowances claimed.

☒ True

False

Feedback

General Feedback

The more you make and the fewer withholding allowances you claim, the more will be withheld from your paycheck.