



BUSINESS & COMPUTER SCIENCE

PATHWAY: Financial Management-Services

COURSE: Financial Literacy

UNIT 3: BCS-FL-3 Taxes



INTRODUCTION

Annotation:

One thing is certain; taxes will affect every person in the United States. This unit covers the history and purpose of income taxes in our country. Students will become familiar with basic tax forms and tax terminology. The students will also gain an understanding of basic tax preparation.

Grade(s):

<input type="checkbox"/>	9 th
<input type="checkbox"/>	10 th
<input checked="" type="checkbox"/>	11 th
<input checked="" type="checkbox"/>	12 th

Time:

17 Hours

Author:

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Students with Disabilities:

For students with disabilities, the instructor should refer to the student's IEP to be sure that the accommodations specified are being provided appropriately. Instructors should also familiarize themselves with the provisions of Behavior Intervention Plans that may be part of a student's IEP. Frequent consultation with a student's special education instructor will be beneficial in providing appropriate differentiation. Many students (both with and without disabilities) who struggle with reading may benefit from the use of text reading software or other technological aids to provide access to printed materials. Many of these are available at little or no cost on the internet.

FOCUS STANDARDS

GPS Focus Standards:

BCS-FL-3: Students will analyze taxes in the United States that affect income.

- Explain the purposes, types, and history of taxes in the United States.
- Define basic tax terminology.
- Prepare U.S. individual federal income tax return Forms 1040EZ and 1040A.

GPS Academic Standards:

SSEPF1. The student will apply rational decisions to the making of personal spending and savings choices.

SSEPF4. The student will evaluate the costs and benefits of using credit.

SSEPF6. The student will describe how the earnings of workers are determined in the marketplace.

ELA10RC3. The student acquires new vocabulary in each content area and uses it correctly.

ELA10RC4. The student establishes a context for information acquired by reading across subject areas.

ELA10W3. The student uses research and technology to support writing.

ELA10LSV1. The student participates in student-to-teacher, student-to-student, and group verbal interactions.

MM2P1. Students will solve problems (using appropriate technology).

MM2P4. Students will make connections among mathematical ideas and to other disciplines.

UNDERSTANDINGS & GOALS

Enduring Understandings:

It is certain that most all students will pay income taxes at some point in their very near future. Many citizens believe that preparing an income tax return is very difficult and that they have to pay a professional to do it for them. In this unit, students will learn to prepare Form 1040EZ and Georgia Form 500EZ. They will come to understand that it is only in a fairly complex tax situation that they will ever need to pay someone to prepare their taxes.

Essential Questions:

- Why do we have to pay taxes in the United States?
- How does the US government use our tax money?
- When is it best to have taxes professionally prepared?
- How do I know which tax form I have to use to do my taxes?

Knowledge from this Unit:

Students will:

- Summarize the development of the tax system currently used in the US.
- Explain how tax revenue is used by the United States government.
- Identify the appropriate tax forms to use given varying scenarios.
- Research the history of America's tax system.

Skills from this Unit:

Students will be able to:

- Follow the steps of basic tax preparation.
- Identify the correct Federal tax form to use to prepare an income tax return.
- Name the public services that are funded by tax revenue.

ASSESSMENTS

Assessment Method Type:

- ☐ Pre-test
- ☒ Objective assessment - multiple-choice, true- false, etc.
 - ☐ Quizzes/Tests
 - ☒ Unit test
- ☒ Group project
- ☐ Individual project
- ☐ Self-assessment - May include practice quizzes, games, simulations, checklists, etc.
 - ☐ Self-check rubrics
 - ☐ Self-check during writing/planning process
 - ☐ Journal reflections on concepts, personal experiences and impact on one's life
 - ☐ Reflect on evaluations of work from teachers, business partners, and competition judges
 - ☐ Academic prompts
 - ☐ Practice quizzes/tests
- ☒ Subjective assessment/Informal observations
 - ☐ Essay tests
 - ☒ Observe students working with partners
 - ☐ Observe students role playing
- ☐ Peer-assessment
 - ☐ Peer editing & commentary of products/projects/presentations using rubrics
 - ☐ Peer editing and/or critiquing
- ☐ Dialogue and Discussion
 - ☐ Student/teacher conferences
 - ☐ Partner and small group discussions
 - ☐ Whole group discussions
 - ☐ Interaction with/feedback from community members/speakers and business partners
- ☒ Constructed Responses
 - ☐ Chart good reading/writing/listening/speaking habits
 - ☒ Application of skills to real-life situations/scenarios
- ☐ Post-test

Assessment Attachments and / or Directions:

[Income Tax Test](#)
[Income Tax Test Key](#)
[Kevin Bailey Form W2 Test Handout](#)
[Kevin Bailey Form 1040 EZ Test Key](#)
[Kevin Bailey Form 500 EZ Test Key](#)

LESSON PLANS

• LESSON 1: History and Purpose of Income Tax in the United States.

1. Identify the standards. Standards should be posted in the classroom.
BCS-FL-3: Students will analyze taxes in the United States that affect income.
 - a. Explain the purposes, types, and history of taxes in the United States.

b. Define basic tax terminology.

2. Review Essential Question(s). Post Essential Questions in the classroom.
 - Why do we have to pay taxes in the United States?
 - How does the US government use our tax money?
3. Identify and review the ***unit*** vocabulary. Terms may be posted on word wall. (Definitions: **Income Tax Vocabulary Teacher Guide**)

Income Tax	Progressive Tax	1040EZ Form
Income	Adjusted Gross Income	W2 Form
Deduction	Standard Deduction	Filing Status
FICA/Social Security	Form 500EZ	Internal Revenue Service
Taxable Income	Personal Exemption	Direct Deposit

4. Interest approach – Mental Set
Ask students if they have ever heard the old adage that answers the question “What are the only 2 things in life are certain?” Hopefully, one will have heard that it is “Death and Taxes.” If not, the teacher will supply the answer. The teacher will then lead a discussion about what is meant by the saying and will ask students to share what they have heard or what they know about taxes.
5. Divide the class into groups of 2-3 based on your class size. You will need 11 groups. Assign each group a time period in the development of taxation shown below.
 - Colonial Times and Revolutionary War
 - Post-Revolutionary War
 - Civil War
 - 16th Amendment – What is it? Why was it passed? What did the government do after it was ratified?
 - World War I
 - World War II
 - After World War II (1950s and 1960s)
 - Reagan Tax Cuts
 - Tax Reform Act of 1986
 - Bush Tax Cut
 - Tax Changes and Initiatives during the Obama administration
6. Each group will research their assigned time period to determine what was happening with taxation in our country during that time. Even if it is not called taxation, how was the government collecting the money to operate during that time? What significant legislation was passed that impacted taxation?
7. Groups will create a simple, but interesting, PowerPoint or Prezi and present their findings to the class. All members of the group are responsible for the information presented and should participate! Remember to use good presentation techniques.
8. This project can be used as a class activity and students can be given participation points or the **History of Taxation Rubric** can be used for more detailed grading.

9. As a quick and final assignment before the end of this lesson, have students complete the **Income Tax Vocabulary Worksheet**. This can be done in the last few minutes of class or as a homework assignment. Refer to the **Income Tax Vocabulary Teacher Guide** and go over the worksheet as a class to make sure all students understand the terminology they will see throughout this unit. Students should keep their corrected worksheets in their notes.

• LESSON 2: W Who? W2!

1. Review Essential Questions. Post Essential Questions in the classroom.
 - When is it best to have taxes professionally prepared?
 - How do I know which tax form I have to use to do my taxes?
2. Distribute the **Blank W2 Form Handout** to the class. Introduce and review the various components of the form.
3. Pass out the **W Who? W2! Work Sheet** to the each student and have them answer the first 4 questions on by researching on the internet, either individually or in groups of two. .Discuss answers as a class and have students make corrections to their sheet. It is important that they have correct information here!
4. Display the **Alan Larson Form W2 Handout** on an over head projector or print it and pass out copies. Explain the numbers that are in each box emphasizing Boxes 1, 2, 16 and 17 since those are the ones they will use to prepare their tax return. Point out that Boxes 4 and 6 contain amounts withheld for Social Security and Medicare. These amounts will not be refunded to students, but represent their contribution to the Social Security and Medicare systems from which they will receive benefits later in their lives.
5. Now have students answer questions 5-10 on **W Who? W2! Work Sheet**. Students may use the internet and the **Alan Larson W2 Handout** to answer questions. Discuss answers with the class.

• LESSON 3: I Can Prepare my own Tax Return!

1. Review Essential Questions. Post Essential Questions in the classroom.
 - Don't I have to pay someone to prepare my income tax return?
 - How do I know which tax form I have to use to do my taxes?
2. The teacher will lead a discussion, using the **Which Tax Form Do I Use? Work Sheet**, distinguishing between Form 1040EZ, Form 1040A and Form 1040. The purpose of this is for students to see that Form 1040 and to some extent Form 1040A can be complex and require a number of supporting schedules. Form 1040 EZ is the most simple!
3. The teacher will now either pass out a printed copy or project a copy of Form 1040EZ. Blank forms are available at www.irs.gov. They can be printed and completed by hand or they can be completed on the computer and saved or printed. Point out to students that instructions for completing Form 1040EZ are also available at the IRS website, so that they don't have to memorize everything that they do here. The teacher will now lead the students through Form 1040EZ line by line.
4. It is important to point out the vocabulary words as they appear on the form. The teacher will need to explain that in the box labeled Presidential Election Campaign, students are only choosing whether to

have \$3 go to that fund. Their choice does not affect their refund. It will also be unusual for any information to be entered in Lines 2, 3, 8a, and 8b, so there does not need to be a lot of emphasis placed on these Lines. Students will have the most difficulty with Line 5. Most students will be claimed as a dependent on their parent's or guardian's tax return so they will check YES in the box. This requires them to complete the Worksheet for Line 5 located on the back of Form 1040EZ. If a student follows the line-by-line instructions, this worksheet will not be difficult, but they will require some support the first few times. Students will enter the amount on Line G on the worksheet onto Line 5 on the front of the 1040EZ form.

5. Students will also need some instruction in using the Tax Tables to find their tax on Line 10. The current year's tax tables are located in the Instruction booklet at on Page 30 or at <http://www.irs.gov/pub/irs-pdf/i1040ez.pdf> . The teacher can direct students to the Tax Table on the website or specific pages can be printed and distributed to the students. They will need some practice in reading the tables. The teacher might ask them to find the tax due for a single person who earns \$5000 or for a couple who is married filing jointly with earnings of \$22000. Other scenarios can be created for more practice, if needed.
6. Using the **Alan Larson Form W2 Handout**, lead students in completing a 1040EZ. Students will need step-by-step instructions as you work down the form. Teachers can refer to the Instructions at the IRS website. It is important to highlight vocabulary terms as you work through the form. A completed **Alan Larson 1040EZ Teacher Guide** is attached for reference.
7. Assume Alan Larson is single and is a dependent of his parents and that he would like \$3.00 to go towards the Presidential election campaign. The teacher should remind students who complete the form on the computer that they are not done when they print the form. It still MUST be signed before it will be accepted if they mail it to the IRS. If they file electronically, they should follow directions for an electronic signature.
8. It should be emphasized that most student workers receive a refund on their Federal and State taxes because they generally do not earn enough income to have to pay. If students do not file their tax return, they will not get their money back! They should be aware that there could come a day when they will have to actually end up paying additional taxes to the U.S. government or to the state of Georgia!
9. At this point, the teacher will have to determine whether the students are ready to proceed on their own with teacher support or whether they would benefit by completing another 1040EZ as a class.
10. Distribute another copy of the blank 1040EZ and a copy of **Jonathan Jackson Form W2 Handout**. Students will complete a blank 1040EZ for Jonathan Jackson. A completed **Jonathan Jackson 1040EZ Teacher Guide** is attached for reference. It is important to stress to students that attention to detail is mandatory when doing tax returns. Simple mistakes and oversights can cost you money!
11. Depending on the class' understanding of tax returns so far, the teacher will now have to determine whether the students will benefit from additional practice completing one more Federal tax return. **Jaye Britton's Form W2 Handout** and the completed **Jaye Britton 1040EZ Teacher Guide** are attached if more practice is needed.
12. To initiate class discussion and ensure the students have an accurate understanding of the material covered in this lesson; refer to the **Forms W2 and 1040 EZ Discussion Questions Teacher Guide** to orally review with the class.

• **LESSON 4: Georgia Requires a Tax Return, Too!**

1. The teacher will now either pass out a printed copy or project a copy of Georgia Form 500EZ. Blank forms are available from the following resource:
https://etax.dor.ga.gov/inctax/individual_income_tax_forms.aspx.
2. The forms can be printed and completed by hand or they can be completed on the computer and saved or printed. If Form 500EZ is done on the computer, the total tax is calculated and students will not use the Tax Tables referenced in the next paragraph. The teacher will lead the class in a step by step walk through of the Form 500EZ. It should be pointed out that for most people the Georgia return is easier to complete and that they will only have to use their W2 form and their completed 1040EZ to do their state income tax return. Lines 10-17 on Form 500EZ ask whether the taxpayer would like to make a contribution to a specific charity. It is important to point out that unlike the contribution to the Presidential Campaign Fund on Form 1040EZ, any contribution that is chosen on Form 500EZ will result in a decreased refund or an increased payment.
3. As in lesson 4, many students will need support in reading the Georgia Tax Tables which are located at https://etax.dor.ga.gov/inctax/2011_forms/TSD_Form_IT511_Instructions_TY2011.pdf in the Instruction Booklet which is known as Form IT-511. They are set up the same as the Federal Tax Tables with the exception that Georgia has added a married filing separately column. This column will not be used here.
4. Using either printed copies of Form 500EZ or those available from Georgia Department of Revenue to be completed on the computer, the teacher will lead the class in the completion of **Alan Larson Form 500EZ** using the **Alan Larson Form W2 Handout** and the already completed Form 1040EZ. The completed **Alan Larson Form 500 EZ Teacher Guide** is attached for reference.
5. For more practice, have students complete a Form 500 EZ for Jaye Britton and Jonathan Jackson. Refer to the **Jaye Britton Form 500 EZ Teacher Guide** and the **Jonathan Jackson Form 500 EZ Teacher Guide** as a reference.

- **ATTACHMENTS FOR LESSON PLANS**

Income Tax Vocabulary Teacher Guide
Income Tax Vocabulary Work Sheet
History of Taxation Rubric
Blank W2 Form Handout
W Who? W2! Work Sheet
Alan Larson Form W2 Handout
Which Tax Form Do I Use? Work Sheet
Forms W2 and 1040EZ Discussion Questions Teacher Guide
Alan Larson Form 1040EZ Teacher Guide,
Alan Larson Form 500EZ Teacher Guide
Jonathan Jackson Form 1040EZ Teacher Guide
Jonathan Jackson Form 500EZ Teacher Guide
Jonathan Jackson Form W2 Handout
Jaye Britton's Form W2 Handout
Jaye Britton Form 1040 EZ Teacher Guide

• NOTES & REFLECTION:

If the teacher prefers to give a test over Income taxes instead of, or in addition to the culminating project, a test is included with the attachments.

A blank W2 template is attached. This can be used to create additional scenarios that may be more appropriate for a specific class.

The year on all of the attached W2s can also be changed so that current materials are being used in the classroom. A Social Security rate of 6.2% and a Medicare rate of 1.45% have been used on all W2s. This does not reflect the temporary reduction of Social Security to 4.2%.

If time permits and students are interested, the teacher may want to introduce kids to an automated tax preparation program such as Turbo Tax: <http://turbotax.intuit.com/>, H&R Block: <http://hrblock.com/> or TaxAct: <http://www.taxact.com/>. These sites currently offer free preparation of 1040EZ forms. As the students' tax situation becomes more complex, these sites can allow the individual with no formal training to continue to prepare their own income tax returns.



CULMINATING PERFORMANCE TASK

Culminating Unit Performance Task Title:

Preparing Federal and State Income Taxes

Culminating Unit Performance Task Description/Directions/Differentiated Instruction:

For this project, students will be the experts in preparation of simple income tax returns. There will be some circumstances that the students have not seen in the lessons above. It will be the students' responsibility to go to the Instruction booklet or Internet and find out how to handle this new piece of information in their preparation of the Federal and state income tax returns. The new items are listed below in order of increasing difficulty. The teacher will need to take this into consideration when making assignments to the partners. It would be a good idea to let students know the kinds of differences they may encounter in the scenarios below, but do not tell them specifically what is different in their assigned scenario.

1. Chad Moss has taxable interest of \$500.
2. Seth Bailey cannot be claimed as a dependent on his parents tax return.
3. Jharis Kirby worked 2 jobs and has 2 W2 forms. Be sure that students have both W2s.
4. Cealise VonPelser cannot be claimed as a dependent by anyone else and will actually owe money instead of getting a refund.
5. Mark Alexander is married and his spouse works also and has a W2. They will file "married filing jointly". They will also owe some money on their state return. Students will need to have W2s for both, Henrietta and Mark.

Students will work in groups for this project. The teacher will distribute the W2 forms and the scenarios to the partners. Using the information they are given, partners will complete Form 1040EZ and Georgia Form 500EZ.

Attachments for Culminating Performance Task:

- **Chad Moss Form W2**
- **Seth Bailey Form W2**
- **Jharis Kirby Form W2**
- **Jharis Kirby Second Form W2**

- Cealise VonPelser Form W2
- Mark Alexander Form W2

UNIT RESOURCES

Web Resources:

- Internal Revenue: www.irs.gov
- Georgia Department of Revenue Taxpayer Services Division: https://etax.dor.ga.gov/inctax/individual_income_tax_forms.aspx
- Prezi presentations: <http://prezi.com/>
- TurboTax: <http://turbotax.intuit.com/>
- TaxAct: <http://www.taxact.com/>
- H&R Block: <http://hrblock.com/>

Materials & Equipment:

- Computer with Internet Access
- Projection Equipment
- Calculators

21st Century Technology Used:

<input type="checkbox"/>	Slide Show Software	<input type="checkbox"/>	Graphing Software	<input type="checkbox"/>	Audio File(s)
<input checked="" type="checkbox"/>	Interactive Whiteboard	<input checked="" type="checkbox"/>	Calculator	<input type="checkbox"/>	Graphic Organizer
<input type="checkbox"/>	Student Response System	<input type="checkbox"/>	Desktop Publishing	<input type="checkbox"/>	Image File(s)
<input type="checkbox"/>	Web Design Software	<input type="checkbox"/>	Blog	<input type="checkbox"/>	Video
<input type="checkbox"/>	Animation Software	<input type="checkbox"/>	Wiki	<input type="checkbox"/>	Electronic Game or Puzzle Maker
<input type="checkbox"/>	Email	<input checked="" type="checkbox"/>	Website		