

D25-L2

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| Understanding Taxes | Core Competency: D25 | Level 2, Intermediate |
| Perform mathematical calculations | | |
| Time to complete: 180 minutes | | |
| Objectives | Upon completion of this lesson students will be able to: | |
| | 1. Understand the different types of taxes. | |
| | 2. Accurately fill out various tax forms. | |

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| Cross Competencies | C18 Follow directions G41 Apply critical thinking skills G53 Exhibit work ethics and behaviors essential to success G59 Prepare a short and long term personal budget | |
| Core Standards | Career and Vocational/Technical Education: Content Standards 2 and 3 Workplace Competencies Content Standards 2, 3 and 4 | |
| Resources | | |
| Materials in Lesson Plan | Other Supplies Required | Supplemental Resources |
| <ul style="list-style-type: none"> None | <ul style="list-style-type: none"> Access to computers for students http://www.irs.gov/app/understandingTaxes/student/tax_tutorials.jsp www.irs.gov/app/understandingTaxes/student/simulations.jsp | Make students aware of local community resources available for tax preparation (this will vary for communities). |

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| MCA | Portfolio Project | Guest Speakers | Program of Work |
| | | Invite a tax account to come in and visit with class about taxes. | |
| Civic Engagement | Indian Education for All | Career Pathways | Competitive Events |
| | Discuss what is taxable between Reservation and Non Reservation. | | Life Math Skills |

| Suggested Instructional Approach | Notes |
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| <p>Introduction</p> <p>Benjamin Franklin said, “Only two things in life are certain: death and taxes.” Taxes are important to understand and you need to know about deductions and withholdings. The government relies on the revenue taxes create to meet their expenses and pay for services such as roads, education and social services. While the specifics differ from state to state, the government taxes three economic bases to pay for its programs: income, consumptions and wealth. Like it or not, taxes are a part of everyday life.</p> <p><i>Taxes on Income:</i> April 15 is the deadline to file tax returns. Even young people just starting to work a few hours a week are required to file tax returns. According to the IRS, young people have to file taxes under certain conditions. Go to www.irs.com for more information.</p> <p>On your pay stub, you will notice three taxes taken out or deducted from your paycheck. These are commonly referred to as withholdings. When you get hired by a company, you will fill out a federal tax form called a W-4. The information on this form is the basis for determining how much income tax should be withheld from your paycheck. Payroll taxes, as these are commonly known, are a tax on income. You file an income tax return with the government every year you earn income. The three taxes are:</p> <ul style="list-style-type: none">• Federal income tax, which is used to support government programs. This is where federal government gets much of their money. You work. They spend.• State income tax, which is used to support state services (if you work in a state without a state income tax, you will not have this withholding.• FICA, Federal Insurance Contribution Act pays for benefits that workers and families receive for either Social Security or Medicare. Social Security pays for benefits under the old-age survivors and disability insurance part of the act. Medicare pays for benefits under the hospital part of the act. <p><i>Taxes on Consumption:</i> The primary taxes on consumption are sales and excise taxes.</p> <ul style="list-style-type: none">• Sales tax is used by states as a source of their income and each state sets its own tax rate. Example of items that might be subject to sales taxes are cars, clothing and movie tickets.• Excise tax is levied on certain goods produced within a country and is sometimes referred to as luxury tax. This is used by both state and federal government. Taxes on items such as gasoline, beer, liquor, cigarettes and airplane tickets are excise taxes. | |



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| | <p><i>Taxes on Wealth and Property:</i> The primary taxes are wealth and property tax.</p> <ul style="list-style-type: none"> • Property tax is the main source of revenue for local governments. Taxes on land, private homes and business property are property taxes. • Some states tax certain types of personal property. This might include cars, boats, and recreational vehicles. <p><i>Taxes on wealth include inheritance, estate and gift taxes.</i></p> | |
| Preparation | Arrange for use of computer lab. | |

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| <ol style="list-style-type: none"> 1. Discuss with your class the above mentioned information. 2. Have your students go to: http://www.irs.gov/app/understandingTaxes/student/tax_tutorials.jsp and work through the tutorials as a review of your discussion. 3. You've heard of reality TV. Now it's reality taxes! Apply what you've learned by putting yourself in the shoes of 20 different taxpayers while you explore the ins and outs of filing tax returns electronically! Have students go to www.irs.gov/app/understandingTaxes/student/simulations.jsp And complete the simulations on filling out tax forms. At the end of each simulation the students can view and print the tax forms they have completed and you can have them turn them all in at the end. | <u>Notes</u> |
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| Assessment | Completion of taxes unit | |
| Supplemental Activities | <ul style="list-style-type: none"> • Have students bring in their own taxes and have them complete in class. • Encourage your students to compete in the Life Math Skills Event at MCA Conference. | <u>Notes</u> |