

Getting Started

Financial Literacy in Action is a series of project-based learning activities for high school students using the Internet.



Activity #6: Learning About Taxes

To learn more about this project go to the following pages.

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Introduction



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Objectives



After completing this project you will be able to:

- Discuss basic principles of taxation and the rationale for imposing taxes
- Examine a sample pay stub to learn about the different kinds of taxes most Americans pay
- Describe the steps required for preparing a basic income tax return
- Analyze a number of tax tips intended for college students

Taxes - Objectives

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Projects



Based on what you learn about taxes in this activity, you will have the choice of completing one of the three types of projects below.

Project 1
[Teach a lesson >>](#)

Project 2
[Write a short chapter in a textbook >>](#)

Project 3
[Create a multiple choice test >>](#)

Taxes - Projects

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More Information About Taxes



To get more information about taxes, go to these sites:

- **Internal Revenue Services** - This site, created by the Internal Revenue Service, intended for students and teachers, presents "the whys" (theory, rationale, and history of taxes) and "how tos" (steps to take when filing tax forms) about taxes. The teacher site contains lesson plans, simulations, tax tutorials, and assessments. The student site consists of reading and skill tests correlated to the teacher lesson plans.
- **Learthat** - This site contains an on-line tax preparation tutorial for beginners. The tutorial contains instructions on how to gather the necessary information for filing a return, a link to download federal income tax forms, directions on how to complete a federal income tax form, and suggestions on where to turn for help about preparing and filing a tax return.
- **Money Instructor** - This site, part of the Money Instruction series, consists of four activities dealing with taxation. "Paying Taxes for Chores" provides a worksheet that teaches basic math and the concept of paying taxes. "Income Tax Time Word Problems" calls for users to answer word problem questions that have an income tax theme. "Federal Income Tax 1040 EZ Worksheet" provides practice in how to complete a W-4 tax form. "Earnings Statement" gives users practice reading an earnings statement and answering related questions. It includes questions regarding federal, state, and social security taxes, and other deductions.

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Project 1: Teach a Lesson



Write a lesson plan about taxes and then teach the lesson to your class. The lesson should examine basic ideas about taxes, filing tax returns, and the importance of paying taxes on time. This lesson should refer to what you learned about taxes, where your tax dollars go, preparing a simple income tax return, and tax filing tips for college students.

To prepare for your project, you'll need to access the four tutorials and "More Information About Taxes" on the pages indicated below. Follow the directions that come with the tutorials. After completing these tutorials, you'll be ready to start your project.

Tutorials:

- **Basic ideas about taxation and how the public benefits from paying taxes** 9
- **Taxes and your pay stub** 10
- **Your income tax return** 11
- **Ten things college students should know about taxes** 12
- **More Information About Taxes** 5

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Project 2: Write a Short Chapter in a Textbook



Write a four-page chapter in a high school textbook in which you explain some basic ideas about taxes, filing tax returns, and the importance of paying taxes on time. This chapter should refer to what you learned about taxes, where your tax dollars go, preparing a simple income tax return, and tax tips for college students.

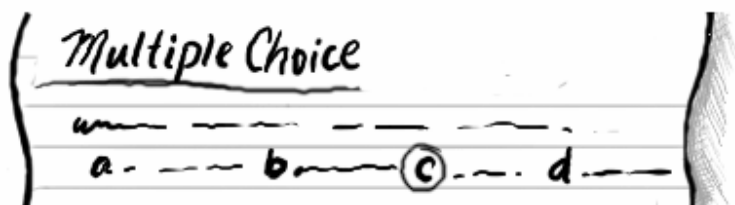
To prepare for your project, you'll need to access the four tutorials and "More Information About Taxes" on the pages indicated below. Follow the directions that come with the tutorials. After completing these tutorials, you'll be ready to start your project.

Tutorials:

- **Basic ideas about taxation and how the public benefits from paying taxes** 9
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Project 3: Create a Multiple Choice Test



Create a 15-question multiple choice test that covers the basic ideas about taxes, filing a tax return, and the importance of paying taxes on time. This test should refer to the important facts and concepts you learned in the tutorials below about taxes, where your tax dollars go, preparing a simple income tax return, and tax tips for college students.

To prepare for your project, you'll need to access the four tutorials and "More Information About Taxes" on the pages indicated below. Follow the directions that come with the tutorials. After completing these tutorials, you'll be ready to start your projects.

Tutorials:

- **Basic ideas about taxation and how the public benefits from paying taxes** 9
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Tutorial 1: Tax Basics



Access: Understanding Taxes - Answer the following questions, based on what you saw in the PowerPoint presentation:

- Explain what Oliver Wendell Holmes meant by this statement "Taxes are what we pay for civilized society."
- Discuss three services funded by taxes. Which of these services is most essential? Explain.
- To what extent does the Constitution support the right of the government to collect taxes?
- Present three arguments that you would make to someone who says that citizens should not pay their taxes.

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Tutorial 2: Taxes and Your Paycheck



Access [Sample Pay Stub](#) and [Tax Tutorial](#) (Complete the tutorial. Be certain to click on all the underlined terms) Answer the following questions:

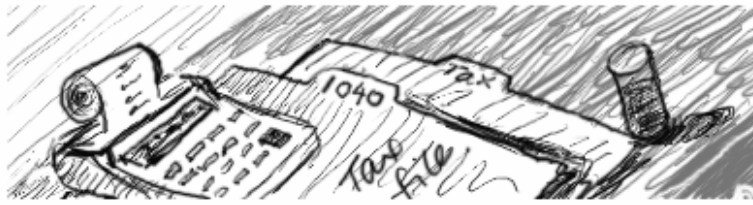
- Describe three important pieces of information about taxes that you get from this pay stub.
- Compare and contrast the following taxes: social security, Medicare, and income taxes, explaining the purpose of each tax, how much each taxpayer pays, and the method by which the tax is collected.
- What did you learn about filing a W-4 form from this exercise?
- What two pieces of advice would you give to someone who is completing a W-4 form for the first time?
- Why is important to complete this form correctly?

Taxes -Tutorial 2: Taxes and Your Paycheck

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Tutorial 3: Income Tax



Access [Kitsap Credit Union](#)
Answer the following questions:

- Describe three steps involved in preparing an individual tax return.
- What are two conclusions you draw about income tax rates paid by: 1) married couples and single people and 2) taxpayers who earn a lot and 3) those who earn very little money?
- Summarize what you learned in the section entitled "Paying Your Taxes."
- Why is the income tax considered a progressive tax?

Access the [Module 2 Simulation](#)
Answer the following questions:

- What did you learn about filing a 1040 EZ Federal Income Tax form from this exercise?
- Why is important to complete your 1040 EZ form correctly?
- Discuss the three options a taxpayer has for paying his or her taxes. Which option for payment would you recommend? Explain.
- Discuss three pieces of advice you would give to someone who is completing a 1040 EZ form for the first time.

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Tutorial 4: Ten Things a College Student Should Remember at Tax Time

10 things to remember



Access **Tax Tips**

Answer the following questions:

- Describe the three tax tips that impressed you the most.
- Why would it be a good idea for every college student to read this web page before filing his or her tax return?
- Why would the author agree with the following advice: "Don't automatically file a 1040 EZ form. Don't mail your tax return the moment you finish it and file a return, even if you're not required to do so?"
- Explain the differences between the following: tax credits and/or deductions: Hope Scholarship Tax Credit/ Lifetime Learning Credit/ Higher Education Expenses Deduction.
- Which is the most important of the 12 tax tips? Explain.

Taxes - Tutorial 4: Ten Things a College Student Should Remember at Tax Time

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