

11 Understand the Tax System

TRANSITION OBJECTIVE

Students will learn about the various taxes we pay and how they benefit our community.

RELEVANCE TO SUCCESSFUL TRANSITION

Paying taxes is not a choice. It is important that students understand the taxes we pay and how tax dollars are collected, reported and used.

INSTRUCTIONAL SEQUENCE

❑ STEP 1: Update Journal

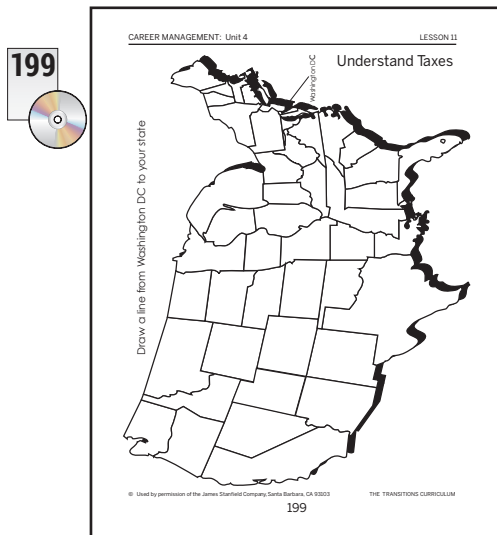
Paying taxes is . . .

❑ STEP 2: Convene Roundtable

"When I pay sales tax I feel ____."

❑ STEP 3: Advance Organizer

"Today you will learn about the various taxes we pay and how our community benefits from them."



of these taxes. Remind students that the two most common taxes are for sales and income.

Have students discuss how tax dollars are used. Tell students that most income tax goes to Washington, D.C. On their maps, have students draw a line from Washington, D.C. to their city and discuss how federal tax dollars are used: federal taxes pay for national parks, the military and Social Security. Taxes also go to the state to pay for highways, schools and other public services. Have students draw a line from their city to their state capitol and explain that state taxes pay for things like education and roads. Next, point out that some tax revenue is given to cities to pay for police and fire protection, as well as streetlights and other city services.

Have students compute their local sales tax. For example, if they are buying a pair of jeans for \$59.00 and the local tax is 8.5%, how much tax will they pay? Students may use calculators if available.

Have students discuss income tax. Ask if anyone has received a paycheck recently. Did they notice how much income tax was taken out? Ask students how we report our income tax. Explain that our employer takes out a standard amount each paycheck that we report at the end of the year. At this point we either pay more taxes or receive a refund. Tell students that a government agency called the Internal Revenue Service

❑ STEP 4: Activity - 30 Minutes

Ask students to name the taxes we pay and write the list on the board: sales tax, property tax, inheritance tax, income tax, utility tax, hotel tax, capital gains tax, car rental tax and business tax. Identify how we pay each

or IRS, monitors everyone's income tax to make sure we pay our fair share.

pay for those freedoms and the services everyone enjoys.

□ **STEP 5: Activity - 15 Minutes**

Have a class discussion about taxes. In groups of three, have students discuss the following question: "What would happen in our cities and across the nation if we did not pay taxes?" Ask groups to share one idea. Tell students that paying taxes is the cost of living in a free country as great as America. Explain that no other country has the freedoms we have and that taxes help

□ **STEP 6: Evaluate Outcomes**

Taxes are necessary because "_____."

□ **STEP 7: Connecting Activity**

Invite a representative from the Internal Revenue Service to speak to the class.

Have students go online to compare the tax rates for their state and 2 other states including sales tax, income tax and property tax.

KEY WORDS

income tax

property tax

government

IRS

sales tax

MATERIALS AND PREPARATION

- Student Handout: **Map**, page 199.
- Prepare to discuss taxes and how they are used.
- Bring examples to emphasize the need for taxes and for everyone to pay their fair share.

SCANS FOUNDATION SKILLS

- Basic Academic Skills: Listening, Speaking, Math
- Thinking Skills: Visualizing
- Personal Qualities: Responsibility, Honesty/Integrity