



A World Without Taxes

EPISODE #401

ACTIVITIES & LESSONS

LESSON LEVEL

Grades 9-12

KEY TOPICS

- Entrepreneurship
- Taxes
- Economics

LEARNING OBJECTIVES

1. Understand that taxes fund public services.
2. Recognize the importance of the IRS and April 15th.
3. Learn about tax forms and tax planning.
4. Learn financial terms.

EPISODE SYNOPSIS

Explore how taxes impact your life. Discover the importance of federal, state, and local taxes. Learn how to pay them and what they pay for. Meet a glass blower, webcaster, and a professional skateboarder and find out how these young business owners handle taxes.

NATIONAL STANDARDS CORRELATIONS

Aligned to *National Financial Literacy Standards* from the **JumpStart Coalition for Personal Financial Literacy**.

Financial Responsibility and Decision Making

Standard 1: Take responsibility for personal financial decisions.

Planning and Money Management

Standard 1: Develop a plan for spending and saving.

Standard 6: Develop a personal financial plan.

Aligned to *Voluntary National Content Standards in Economics* from the **Council for Economic Education**.

Standard 2: Decision Making

Standard 14: Entrepreneurship

Aligned to **Common Core State Standards Initiative's** standards for *Literacy in History/Social Studies, Science and Technical Subjects*.

Standard 1: Read closely to determine what the text says explicitly and to make logical inferences from it; cite specific textual evidence when writing or speaking to support conclusions drawn from the text.

Standard 4: Interpret words and phrases as they are used in a text, including determining technical, connotative, and figurative meanings, and analyze how specific word choices shape meaning or tone.

Standard 7: Integrate and evaluate content presented in diverse formats and media, including visually and quantitatively, as well as in words.

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LESSON PREP & SCREENING

Getting Started

Familiarize yourself with the episode ahead of time. It will serve as a springboard for student learning, discussions, vocabulary exploration, and hands-on activities. Determine what equipment is required to show the episode in your classroom and request it if needed. Choose an activity (each one takes between 45-60 minutes), and gather supplies. Students will need a pen or pencil and copies of the activity worksheets. Have fun!

Screening

Introduce the series and the episode. Explain that Biz Kid\$ is a public television series that teaches kids about money and business. Mention that the bizkids.com website has lots of video clips, games, a blog, and other resources to help kids start businesses and learn about money. Prior to playing the episode, lead your students in a discussion with the preview questions on this page.

About the Episode

Explore how taxes impact your life. Discover the importance of federal, state, and local taxes. Learn how to pay them and what they pay for. Meet a glass blower, webcaster, and a professional skateboarder and find out how these young business owners handle taxes.

Episode Preview Questions

Before you show this Biz Kid\$ episode, lead your students in a brief discussion of the following questions:

- Where does money come from to pay for schools, hospitals, police, and firefighters?
- What's important about the date April 15th?
- What is the local sales tax rate for purchases made where you live?

Next Steps

Show this episode. After the episode, read the Summary and Conclusion to the class.

Summary and Conclusion

Governments provide goods and services that are paid for with taxes. It is important to prepare for paying taxes, and to pay them on time. Taxes are used for the greater good; the benefits to society outweigh the costs to society. Not all individuals will bear the same costs or share the same benefits.

Family Connection

Distribute a copy of the Family Activity Sheet to each student to share what they've learned with their families.



FAMILY ACTIVITY SHEET

Episode Synopsis

Explore how taxes impact your life. Discover the importance of federal, state, and local taxes. Learn how to pay them and what they pay for. Meet a glass blower, webcaster, and a professional skateboarder and find out how these young business owners handle taxes.

Activity Suggestions

Your student has learned basic information about taxes in this episode of Biz Kid\$. They were introduced to young entrepreneurs who shared their experiences regarding planning for and paying their taxes. Have a family discussion about taxes and how they impact your family specifically. Consider the benefits that taxes provide, as well as the costs.

Share with your student how you plan to meet your tax obligations, and the importance of filing your taxes on time. How do you organize your information for filing taxes? Do you use an online tax preparation program or work with a CPA? If possible, show your student actual tax forms, such as a 1040 or your W-2 form.

Show your child a utility bill, such as for phone service, water service, gas or electric service, and point out the taxes listed on the bills. Help your child find the local sales tax rate on a receipt from a recent purchase. Using the internet or a library, research why your local sales tax rate is at that level, and what services it pays for. Find out how sales taxes are approved and enacted. If your state does not have sales tax, look up a nearby state that does pay sales tax.

What tax bracket does your income align with? How does this affect your daily living expenses? What taxes would you rather not pay and why?



Activity #1:

BIZ TERM\$

WORKSHEET FOR STUDENTS

Biz Term\$

- 1040 forms
- Income taxes
- Internal Revenue Service (IRS)
- Property taxes
- Sales taxes
- Self employment taxes
- Society
- Tax refund
- Taxes
- Wage forms

Directions

With students, read aloud the Biz Term\$ and each question. Call on volunteers for answers, and have them explain why they chose the term they believe to be correct.

Biz Term\$ Episode Review

1. A group of individuals living as members of a community, state, or country is a _____.
2. A tax form you might use for _____ is a Schedule C.
3. If you are an employee of a company, you fill out tax information on _____ when you are first hired.
4. Taxes that are paid on earnings for doing work are called _____.
5. The government bureau that collects tax money and enforces the tax law is called the _____.
6. Taxes that support local services like schools, police, and sanitation are called _____.
7. A percentage of the cost of what you're buying is added on to the price, and these taxes are called _____.
8. If you have paid more than you owe this year, then you will get back a _____.



CURRICULUM CONNECTIONS

Language Arts

- Have students construct sentences, write a paragraph, or create a story, skit, or dialog using Biz Term\$.
- Have students create a class Dictionary of Financial Terms using Biz Term\$.
- Have students start their own Journal of Personal Financial Education and continue to add to it.

History/Social Studies

- Sanitation services are usually funded by taxes. Using the internet or a library, find out more about ancient Roman sanitation systems. How were they paid for? How do they compare to today's systems that are funded by our tax dollars?

Mathematics

- You are paying taxes on all of the money that you earned last year, minus your personal exemption. If you earned \$50,000 as a single person, and your exemption is \$3,900, what is your taxable income? Now, the tax charts show that you will owe \$7,460 in federal taxes and \$1,898 in state taxes. But wait! You have already paid \$8,400 in Federal taxes and \$1,200 in state taxes. Who owes who, and how much, for Federal and for State taxes?

Economics

- In this episode, one of the Biz Kid\$ mentions that property taxes are handled differently in different states. Investigate your state to find out how they handle property taxes. What is that revenue used for? How is it calculated? How many times per year does it have to be paid (once, twice, quarterly, or other)?

Optional Vocabulary Extensions

Make Art!

Ask students to create personal illustrated glossaries using sketches or cartoons to visually represent the meaning of each Biz Term.

Make It Personal!

Provide students with dictionaries and ask students to re-write formal definitions for each Biz Term in their own words to demonstrate comprehension.



Activity #2:

PUBLIC SERVICES

WORKSHEET FOR STUDENTS

Lesson Level:

Grades 9-12

Learning Objective:

Understand that taxes fund public services.

Directions

In this episode, the Biz Kid\$ found out about paying taxes. Taxes are an important source of funding for public services. Imagine that you are a member of the local City Council. You have \$1 million in tax money to budget for the calendar year. Decide how much money to budget for each of the services below.

	Requested	Amount You Will Give
Fire Department	\$250,000	
Library	\$200,000	
Schools	\$500,000	
Public Transportation	\$400,000	
Health Department	\$300,000	
Police Department	\$350,000	

1. How did you decide how much money to give to each of the public services above?

2. What will you say to the departments that did not get everything they asked for?

3. If you know that you have \$1 million that was paid in taxes to use to fund those public services, but the various departments are asking for twice that much, what are some things you might do to meet everyone's needs?

Have students discuss these ideas and share their answers with the class.



Activity #3:

WHICH TAX FORM?

WORKSHEET FOR STUDENTS

Lesson Level:

Grades 9-12

Learning Objective:

Learn about tax forms and tax planning.

Directions

In this episode, the Biz Kid\$ found out about paying taxes. There were a lot of different forms for different purposes. In order to fill out these forms correctly, you need to plan ahead.

1. You are the entrepreneur. Imagine that you make friendship bracelets and sell them online and mail them to customers. You need to file form 1040 Schedule C to list your business expenses. What do you think should be listed there?

2. How will you prove that you spent that much money on those items? What records do you need to keep in order to prove that? What kind of recordkeeping system do you use now for your personal expenses?

3. You sell a bracelet to a customer on 31 December, 2014. They pay you for the bracelet on 1 January, 2015. Do you think you should pay taxes on that sale for the 2014 tax year, or for the 2015 tax year? Why or why not? Where would you look to find the actual answer to this question?

4. Co-mingling happens when you put money earned from your business into a bank account that you use for your own personal needs, and this is not a good business practice. Why would co-mingling be a problem when you go to do your taxes?

Have students discuss these ideas and share their answers with the class.



BIZ TERMS DEFINITIONS

- *1040 forms*: Annual tax return forms that are used to pay income taxes to the IRS.
- *Income taxes*: A tax paid on money that you earn as an individual or as an employee for doing work.
- *Internal Revenue Service (IRS)*: The government bureau that collects tax money and enforces the tax law.
- *Property taxes*: Local governments' main source of revenue. These pay for schools, police, sanitation, and more.
- *Sales taxes*: A percentage of the cost of what you're buying that is added to the price.
- *Self employment taxes*: Taxes that you pay on money that you earn working as an individual, or on money earned as royalties. You pay taxes quarterly. You can deduct business expenses from your taxes. You may receive a 1099 form from your clients.
- *Society*: A body of individuals living as members of a community, state, or country.
- *Tax refund*: Money you get back at the end of the year if you have paid more than you owe in taxes.
- *Taxes*: Money collected by the government to help pay for society's expenses.
- *Wage forms*: Forms used by employees to report how much income tax should be withheld (W-2) and to report how much they earned in a year (W-4).



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