

***What Are Taxes?*** by Baron Bedesky (Crabtree Publishing Company; PMB16A, 350 Fifth Ave., Suite 3308, New York, NY 10118) ISBN: 978-0-7787-4262-3 (pbk)

**Literature Annotation:** This book explains briefly the history and purpose of taxation in the United States and describes different kinds of taxes.

**Grade Level:** 5

**Duration:** 60+ minutes

**Economic Concepts:** Taxation, Role of government in the economy

**Financial Literacy Concepts:** Taxation, Money Management

### **Maryland State Curriculum**

***Economics Standard:*** Students will develop economic reasoning to understand the historical development and current status of economic principles, institutions, and processes needed to be effective citizens, consumers, and workers participating in local communities, the nation, and the world.

5.B.1.b Describe examples of command decisions, such as the imposition of the Stamp Act and the Tea Act

5.B.2.a Explain how colonists were forced to change their purchasing habits based on the scarcity of goods imposed by taxes

***Personal Financial Literacy Standard 3:*** Students will develop skills to plan and manage money effectively by developing financial goals and spending plans

3.5.D.1 Explain the meaning and purpose of taxes.

3.5.D.2 Describe how taxation affects individuals, families, and communities.

3.5.D.3 Explain the reasons for paying taxes.

### ***College and Career Ready Standards for Reading Informational Texts***

RI1 Refer to details and examples in a text when explaining what the text says explicitly and when drawing inferences from the text

RI2 Determine the main idea of a text and explain how it is supported by key details; summarize the text.

RI4 Determine the meaning of general academic and domain-specific words or phrases in a text

**Objectives:** Students will be able to...

- explain what taxes are,
- explain the purpose of taxation,
- identify different kinds of taxes,
- describe the effect of Britain imposing the Stamp Act and the Tea Act in American history.

## Vocabulary

(A full glossary is included on page 30 of the book *What Are Taxes?*)

**economy:** the system used to manage goods and services

**tax:** an extra cost on goods and services collected by the government

**income tax:** tax taken from what a person is paid for their work

**inheritance tax:** tax on goods received from those who have died

**Internal Revenue Service:** a government agency in charge of collecting all of the country's taxes

**property tax:** tax paid to the government for land and buildings on that land

**sales tax:** the cost added to the price of many goods and services

## Materials

Resource 1: *Reading Strategy Chart* (for use with a document camera or overhead)

Resource 2: *Quotation Cards*, cut into individual quotes

Resource 3a-d: Note-taking Outline for *What Are Taxes?*, 1 copy per student

Resource 4a-b: *What are Taxes? Wheel*, 1 copy per student

Metal brad for connecting the vocabulary wheel, 1 per student

Resource 5: *Assessment*

## Additional Resources

Some helpful web resources are identified on page 32 of the book *What Are Taxes?*

## Motivation

Ask students to share what they think they already know about taxes. Using a document camera or overhead, record their ideas about taxes on the "Before Reading" section of Resource 1. (Save for later reference.)

## Development

1. Read aloud the first two quotations from Resource 2: *Quotation Cards*. Ask students which of the two quotes has a positive viewpoint of taxes and which quote has a negative viewpoint of taxes. Tell students they will be learning in this lesson that people have had mixed feelings about taxes for a long time.
2. Distribute Resource 3a-d: *Note-taking Outline for What Are Taxes?* Explain that the purpose of an outline is to organize information by topics, with details listed under the main topics. Read aloud the topics listed by the Roman numerals on the outline. Have students look at the Table of Contents found inside the cover of the book *What Are Taxes?* Some topics on the outline are the same as the chapter headings in this book.

3. Have students read the topic (*What are Taxes?*) by Roman numeral I on the outline and preview the kinds of information listed under the topic. Have students read pages 4-5 in the book and complete the missing information on their outlines.

*(Suggested responses: I.A. taxation; I.B. services; I.C. roads, sidewalks, stop lights, city buses, parks, schools, libraries, zoos, airports; I.D. price; I.E. earnings and possessions)*

4. Return to the pre-reading portion of Resource 1 used in the introduction of the lesson and place a check mark next to any information contributed by the students that has been verified by the text. Correct any misinformation at this time as well. Add any information that is additional information to the second part of the chart.

5. Have students continue in this manner to read and record information for Roman numeral II on their outlines. Remember to check responses and return to the pre-reading strategy transparency chart to record new learning

*(Suggested responses: II.A. American Revolution; II.B. Defending; II.C. colonists; II.D.2. newspapers, playing cards; II.D.3. Townshend Act, paper, glass, tea; II.D.4. tax; II.D.5. British, Boston Tea Party)*

6. Have students continue in this manner to read and record information for Roman numeral III on their outlines. Remember to check responses and return to the pre-reading strategy transparency chart to record new learning.

*(Suggested responses: III.A. 1.earn; III.A.2. income tax return, III.A.3 1861, III.A.4. 16<sup>th</sup>, Constitution, income tax, III.A.5. higher  
III.B.1. buys, III.B.2. government, III.B.3 rate, III.B 4. same, III.B.5. poor, III.B.6. services  
III.C.1. money, property, III.C.2 large, III.C.3 country, III.C.4. property tax, III.C.5. toll, III.C.6.a.1935, work; III.C.6.b. workers, government; III.C.7.a. businesses, III.C.7.b.health)*

7. To review various kinds of taxes and other vocabulary terms from this lesson, have students use Resource 4 to make a *What Are Taxes?* Wheel. Have students cut out the two wheels, and remove the wedge with no printing from each wheel. Place the wheels face-to-face and insert a brad in the center to hold the two parts together. Have students work individually or in pairs, reading the term on one side of the wheel, stating the definition, and then checking the response in the pen wedge on the back of the wheel.

**Closure**

Return to Resource 1: *Quotation Cards* used during the motivational activity. Use the remaining quotations as a springboard to review what has been learned about taxes.

**Assessment**

Have students respond to Resource 5: *Assessment*.

*Reading Strategy Chart*

Resource 1

<b>BEFORE READING</b>	<b>AFTER READING</b>
What We Think We Already <b>KNOW</b> about Taxes	New Information We Learned about Taxes

**Quotation Cards**  
(quotations found on the website [quotegarden.com](http://quotegarden.com))

**What is the difference between a taxidermist and a tax collector? The taxidermist takes only your skin.**

**~Mark Twain, *Notebook*, 1902**

**Taxes, after all, are dues that we pay for the privileges of membership in an organized society.**

**~Franklin D. Roosevelt**

**Taxes grow without rain.**

**~Jewish Proverb**

**The best things in life are free, but sooner or later the government will find a way to tax them.**

**~Author Unknown**

**A person doesn't know how much he has to be thankful for until he has to pay taxes on it. ~Author Unknown**

**Indoors or out, no one relaxes in March, that month of wind and taxes, the wind will presently disappear, the taxes last us all the year.**

**~Ogden Nash**

Name: \_\_\_\_\_

***Note-taking Outline for What Are Taxes?***

I. What are Taxes? (pages 4-5)

A. A government manages the **economy** by using \_\_\_\_\_.

B. A government charges taxes and uses this money to pay for \_\_\_\_\_ it provides to its citizens.

C. Some services provided through city or county taxes are \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

D. Taxes add an extra cost to the \_\_\_\_\_ of a purchase.

E. Taxes take from the value of our \_\_\_\_\_ and \_\_\_\_\_.

II. Taxes and the Revolution (pages 8-9)

A. Taxes were one of the major reasons for the \_\_\_\_\_ from 1775-1783.

B. The British government wanted the tax money to pay for the cost of \_\_\_\_\_ the colonies in America.

C. The \_\_\_\_\_ were upset because they had no say, or representation in the British government.

D. Kinds of British taxes before and during the American Revolution

1. Sugar tax of 1764

2. Stamp Act in 1765 set a tax on legal papers, \_\_\_\_\_, and \_\_\_\_\_.
3. The \_\_\_\_\_ in 1767 taxed the colonists for goods such as \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.
4. Many colonists refused to buy British tea because of the tea \_\_\_\_\_. They bought tea from Holland instead.
5. The Tea Act of 1773 really angered the colonists because it allowed the \_\_\_\_\_ to sell tea for a much lower price than the Dutch tea. This led to a famous event known as the \_\_\_\_\_.

### III. Kinds of Taxes in the USA today

#### A. Income Tax (pages 12-13)

1. People pay part of the money they \_\_\_\_\_ as **income tax**.
2. Workers must file an \_\_\_\_\_ once a year to report how much money they earned during that year.
3. The first income tax law in the United States passed in \_\_\_\_\_.
4. In 1913, the government passed the \_\_\_\_\_ Amendment to the \_\_\_\_\_ which allowed the federal government to collect an \_\_\_\_\_.

5. Income tax is a **progressive tax** because people who earn more money pay a \_\_\_\_\_ rate of tax.

## B. Sales Tax (pages 14-15)

1. Almost anybody who \_\_\_\_\_ goods at a store pays **sales tax**.
2. The seller adds a sales tax to the price of goods and services. The seller turns the sales tax money over to the state \_\_\_\_\_.
3. Each state government sets the \_\_\_\_\_, or percentage, of the sales tax.
4. Sales tax is called a flat tax because each person, rich or poor, pays the \_\_\_\_\_ percentage sales tax.
5. Some people think a sales tax is a regressive tax because it places a greater burden on people who are \_\_\_\_\_.
6. County governments can add on to the sales tax to pay for community \_\_\_\_\_.

## C. Other taxes (pages 16-19)

1. Inheritance Tax is a tax on \_\_\_\_\_ or \_\_\_\_\_ that people receive when someone dies.
2. Gift tax is a tax on a \_\_\_\_\_ amount of money or property.
3. Tariff is a tax that companies pay if they buy goods from another \_\_\_\_\_. Tariffs help protect USA businesses from competition around the world.

4. Local governments charge a yearly \_\_\_\_\_  
\_\_\_\_\_ to people who own land.

5. A \_\_\_\_\_ is a tax for driving on a certain road, bridge  
or tunnel.

6. Social Security

a. The Social Security Act of \_\_\_\_\_ was passed to  
help people who are older and not able to  
\_\_\_\_\_ any more.

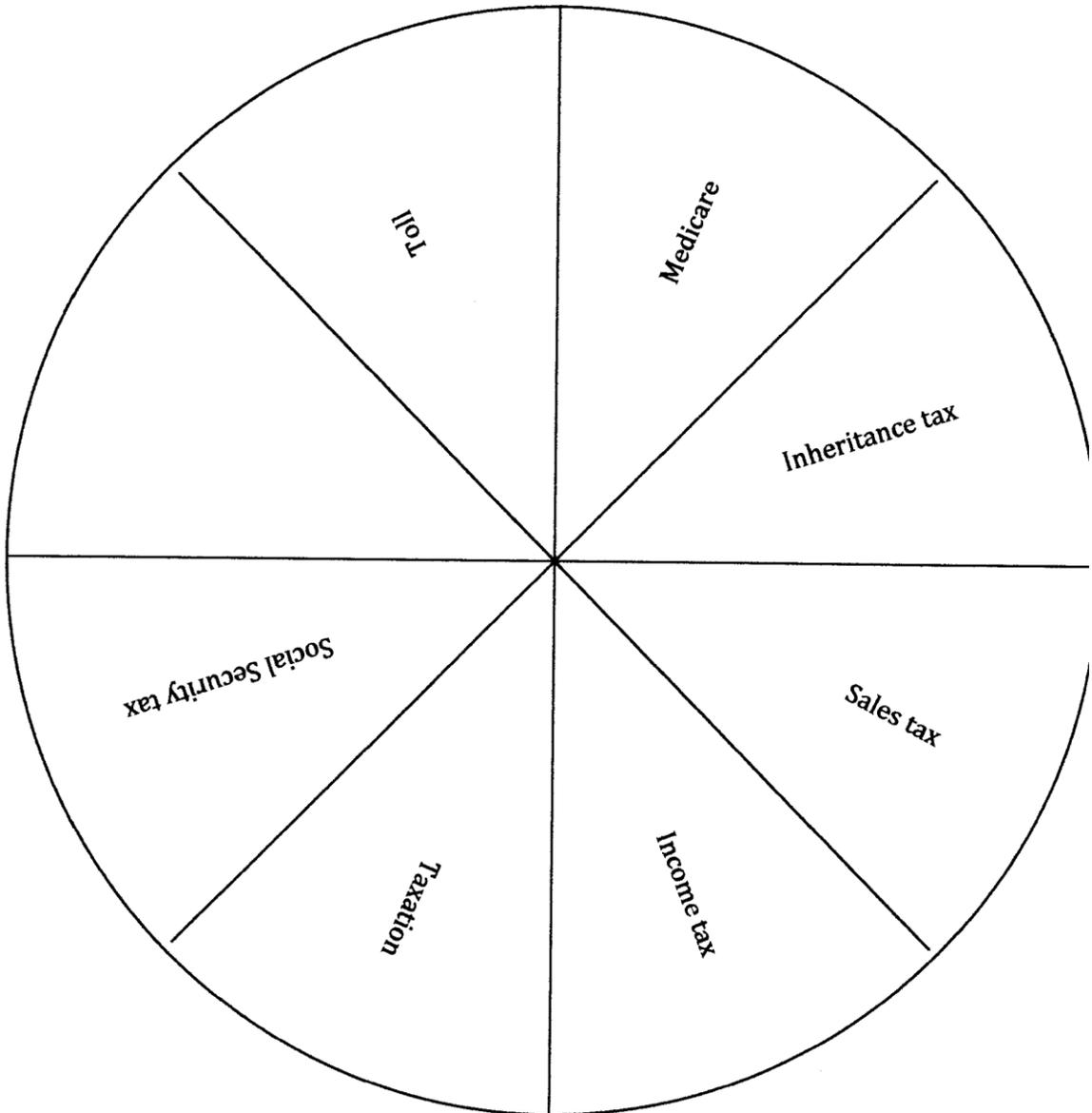
b. Both businesses and \_\_\_\_\_ pay a small  
amount of their wages to the federal  
\_\_\_\_\_.

7. Medicare - 1965

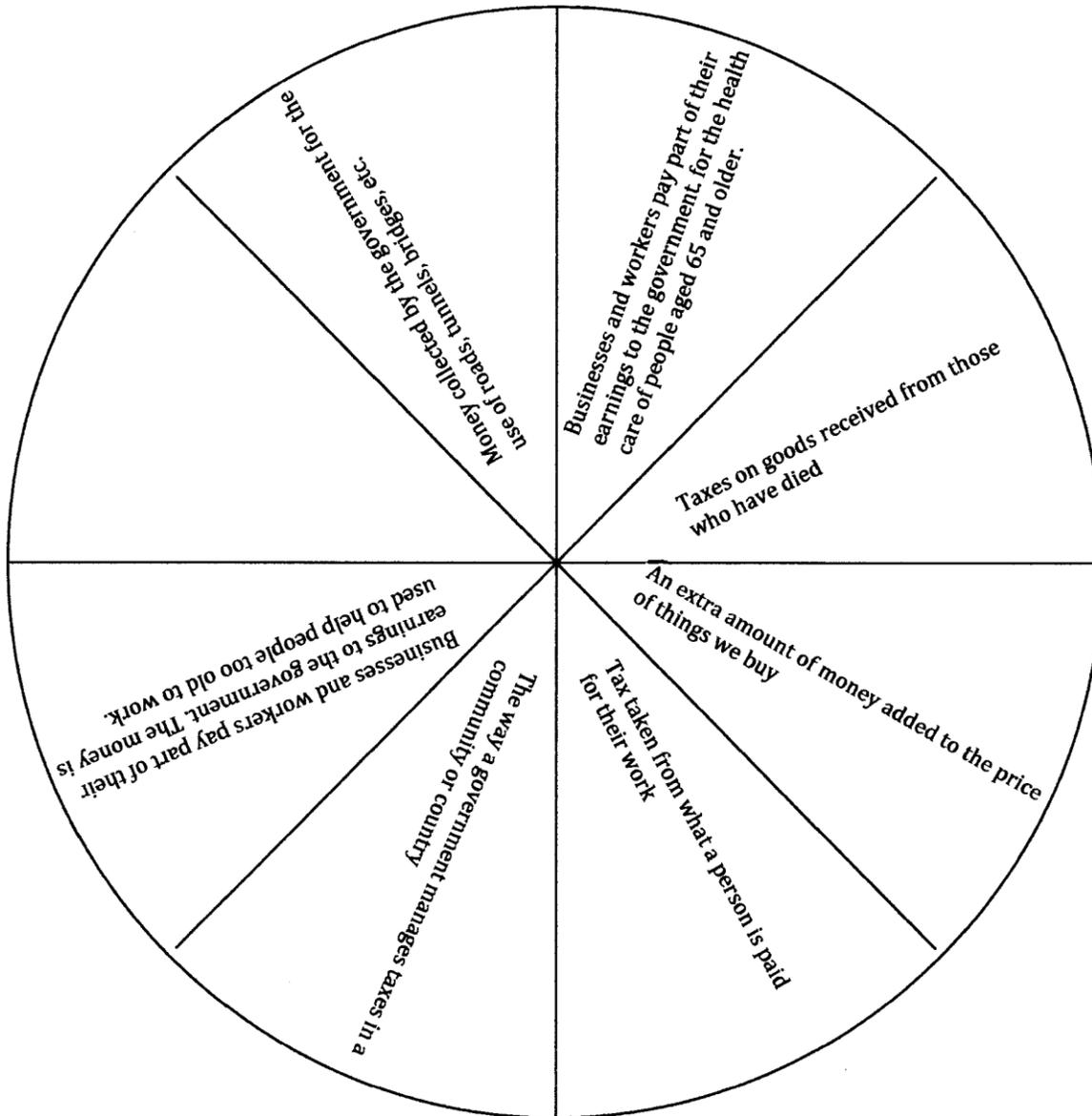
a. Both \_\_\_\_\_ and workers pay a small  
amount of taxes to the federal government during the  
years someone earns a paycheck.

b. Medicare helps to pay the cost of  
\_\_\_\_\_ care for people who are 65  
years of age or older.

### **What are Taxes? Wheel**



## What are Taxes? Wheel



NAME: \_\_\_\_\_

### **Assessment**

Match the term with the correct definition.

A. sales tax	_____ Tax taken by the government from what a person earns for work
B. income tax	_____ Tax paid to the government for land and buildings on that land
C. property tax	_____ Tax added to the cost of goods and services purchased

1. What is the purpose of paying taxes?

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2. Name 4 goods or services paid for by taxes and provided by the government.

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3. The subject of taxes was one of the reasons for the American Revolution in 1775. Explain why the Colonists were angry about paying taxes on tea, stamps, and other papers.

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