
**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


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.


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

<table>
<thead>
<tr>
<th>BEFORE READING</th>
<th>AFTER READING</th>
</tr>
</thead>
<tbody>
<tr>
<td>What We Think We Already <strong>KNOW</strong> about Taxes</td>
<td>New Information We Learned about Taxes</td>
</tr>
</tbody>
</table>
### Quotation Cards
(quotations found on the website quotegarden.com)

<table>
<thead>
<tr>
<th>Quotation</th>
<th>Author/Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the difference between a taxidermist and a tax collector? The taxidermist takes only your skin.</td>
<td>Mark Twain, <em>Notebook</em>, 1902</td>
</tr>
<tr>
<td>Taxes, after all, are dues that we pay for the privileges of membership in an organized society.</td>
<td>Franklin D. Roosevelt</td>
</tr>
<tr>
<td>Taxes grow without rain.</td>
<td>Jewish Proverb</td>
</tr>
<tr>
<td>The best things in life are free, but sooner or later the government will find a way to tax them.</td>
<td>Author Unknown</td>
</tr>
<tr>
<td>A person doesn't know how much he has to be thankful for until he has to pay taxes on it.</td>
<td>Author Unknown</td>
</tr>
<tr>
<td>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.</td>
<td>Ogden Nash</td>
</tr>
</tbody>
</table>
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

- Toll
- Medicare
- Inheritance tax
- Social Security tax
- Sales tax
- Income tax
- Property tax
What are Taxes? Wheel

- An extra amount of money added to the price of things we buy
- Taxes on goods received from those who have died
- Businesses and workers pay part of their earnings to the government for the health care of people aged 65 and older.
- Money used to help people lose old age to work
- The money government taxes in a community
- The community pays for their work
NAME: ______________________________

**Assessment**

Match the term with the correct definition.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. sales tax</td>
<td>_____ Tax taken by the government from what a person earns for work</td>
</tr>
<tr>
<td>B. income tax</td>
<td>_____ Tax paid to the government for land and buildings on that land</td>
</tr>
<tr>
<td>C. property tax</td>
<td>_____ Tax added to the cost of goods and services purchased</td>
</tr>
</tbody>
</table>

1. What is the purpose of paying taxes?

   _____________________________________________________________
   _____________________________________________________________
   _____________________________________________________________

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

   _______________________________  _______________________________
   _______________________________  _______________________________

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.

   _____________________________________________________________
   _____________________________________________________________
   _____________________________________________________________
   _____________________________________________________________
   _____________________________________________________________