

# Teacher Lesson Plan

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Theme 1: Your Role as a Taxpayer  
Lesson 3: The Taxpayer's Responsibilities

## Time Frame

One to three class periods

## Curriculum Area(s)

- Civics/Government
- Technology
- History/Social Studies
- Family and Consumer Sciences

## Purpose

To help students understand that they have basic responsibilities as taxpayers

## Objectives

Students will be able to

- explain the system of voluntary compliance.
- describe taxpayers' responsibilities related to filing a tax return.

## Materials

### Online

[Student Lesson—The Taxpayer's Responsibilities](#)

[Activity 1: Tax Avoidance and Tax Evasion](#)

[Activity 2: Voluntary Compliance](#)

[Activity 3: Match & Memory Game](#)

[Assessment—The Taxpayer's Responsibilities](#)

[Assessment Solutions—The Taxpayer's Responsibilities](#)

### Print (PDF)

[Info Sheet—Tax Responsibilities and Voluntary Compliance](#)

[Worksheet—The Difference Between Tax Avoidance and Tax Evasion](#)

[Worksheet Solutions—The Difference Between Tax Avoidance and Tax Evasion](#)

[Assessment—The Taxpayer's Responsibilities](#)

[Assessment Solutions—The Taxpayer's Responsibilities](#)

[Complete Lesson Pack](#)

### Web Links

[The Truth About Frivolous Tax Arguments](https://www.irs.gov/pub/irs-utl/friv_tax.pdf) [https://www.irs.gov/pub/irs-utl/friv\\_tax.pdf](https://www.irs.gov/pub/irs-utl/friv_tax.pdf)

[Frequently Asked Questions About Income, Tax Liability, and Payment](#)

<https://www.irs.gov/faq>

[IRS Electronic Services](https://www.irs.gov/Filing/Filing-Options) <https://www.irs.gov/Filing/Filing-Options>

## Background

The U.S. income tax system is built on the idea of **voluntary compliance**. Compliance is voluntary when taxpayers declare all of their income. Taxpayers also voluntarily comply through obtaining forms and instructions, providing complete and correct information, and filing their income tax returns on time.

**Tax evasion** and **tax avoidance** are different. Tax evasion is the illegal act of not reporting income, underreporting income, or providing false information to the IRS. Tax avoidance is a legal means to lower tax liability by arranging financial affairs to the best advantage and by claiming rightful deductions, credits, and adjustments.

When people don't report their earnings, they are participating in an **underground economy**. Examples of an underground economy include illegal activities such as gambling and legal activities such as yard work or baby-sitting. Because these types of income are often unreported, they are not taxed.

## Key Terms

**tax avoidance**—An action taken to lessen tax liability and maximize after-tax income.

**tax evasion**—A failure to pay or a deliberate underpayment of taxes.

**underground economy**—Money-making activities that people don't report to the government, including both illegal and legal activities.

**voluntary compliance**—A system of compliance that relies on individual citizens to report their income freely and voluntarily, calculate their tax liability correctly, and file a tax return on time.

## Opening the Lesson

Ask students whether any of them have jobs from which they receive regular paychecks. Ask who needs to file an income tax return. Discussion should make it clear that everyone with income from a job or savings may need to file a tax return. Distribute and discuss [Info Sheet—Tax Responsibilities and Voluntary Compliance](#).

## Developing the Lesson

Ask students to think about how workers in restaurants, hotels, hair salons, and similar jobs get paid. Tell students that some of the workers' income from these jobs comes from tips.

Ask why it is important that tips be reported as income. Help students realize that under the system of voluntary compliance, it is the taxpayer's responsibility to declare income. Unless each taxpayer declares and pays his or her fair share, federal services will suffer, or honest taxpayers will have to pay more.

### ***Online Activities***

Direct students to Student Lesson—The Taxpayer’s Responsibilities.

Have students complete one or more of the following activities:

- Activity 1: Tax Avoidance and Tax Evasion—Discover what’s legal and what’s not.
- Activity 2: Voluntary Compliance—Match taxpayer comments to the IRS response.
- Activity 3: Match & Memory Game—Test your tax IQ.

### ***Print Activity***

Print Worksheet—The Difference Between Tax Avoidance and Tax Evasion, and distribute it to students.

Worksheet Solutions—The Difference Between Tax Avoidance and Tax Evasion

### ***Classroom Activity***

Have students go to <http://www.treasury.gov/resource-center/faqs/Taxes/Pages/liability.aspx> and read the information about paying taxes on tips. (Look for the question at the bottom of the screen, Why does the Government expect me to pay taxes on tips that I receive?) Or, print the information and distribute to students. Ask students:

- How do tips relate to voluntary compliance?  
**It is up to the taxpayer to voluntarily report the full amount of tips received.**
- Why do you think people have a difficult time reporting tips? Why is it important to do so?  
**Encourage students to understand that although no one likes to pay taxes, the federal income tax is based on a system of voluntary compliance. Those who believe that the tax law is unfair can discuss their concerns with lawmakers and try to affect the development of tax policy and laws.**

### **Concluding the Lesson**

Ask students:

- Do you now feel differently about voluntary compliance, tax evasion, and tax avoidance?  
**Student responses will vary.**
- What techniques could you use to make sure you pay the taxes you owe—but no more?  
**keeping good records; planning ahead; understanding tax laws and due dates; learning what adjustments, exemptions, deductions, and credits can be used to increase after-tax income**

***Online Assessment***

Direct students to complete Assessment—The Taxpayer’s Responsibilities for this lesson.  
Assessment Solutions—The Taxpayer’s Responsibilities

***Print Assessment***

Print Assessment—The Taxpayer’s Responsibilities, and have students complete it on paper. Assessment Solutions—The Taxpayer’s Responsibilities

***Links***

Go to Theme 1, Lesson 4 to learn about taxpayer rights.