

# Teacher Lesson Plan

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Theme 1: Your Role as a Taxpayer  
Lesson 1: Why Pay Taxes?

## Time Frame

One to four class periods

## Curriculum Area(s)

- Civics/Government
- Economics
- Technology
- History/Social Studies

## Purpose

To help students understand the basic rationale, nature, and consequences of taxes

## Objectives

Students will be able to

- describe why governments need revenue to provide goods and services.
- identify taxes as an important source of governmental revenue.
- explain how taxes transfer the use of resources from the private sector to the government.

## Materials

### *Online*

[PowerPoint™ Presentation—Theme 1 Overview: Your Role as a Taxpayer Student Lesson—Why Pay Taxes?](#)  
[Activity 1: Your Federal Government](#)  
[Activity 2: Public Goods and Services](#)  
[Activity 3: Citizen’s Guide to the Federal Budget](#)  
[Assessment—Why Pay Taxes?](#)  
[Assessment Solutions—Why Pay Taxes?](#)

### *Print (PDF)*

[Info Sheet 1—Taxes Shift Resources](#)  
[Info Sheet 2—Federal Revenues and Spending](#)  
[Worksheet—Government Spending](#)  
[Worksheet Solutions—Government Spending](#)  
[Assessment—Why Pay Taxes?](#)  
[Assessment Solutions—Why Pay Taxes?](#)  
[Complete Lesson Pack](#)

### **Web Links**

Federal Agencies <http://www.usa.gov>

Citizen's Guide to the Federal Budget <http://www.gpo.gov/fdsys/>

### **Background**

**Taxes** provide revenue for federal, local, and state governments to fund essential services—defense, highways, police, a justice system—that benefit all citizens, who could not provide such services very effectively for themselves. Taxes also fund programs and services that benefit only certain citizens, such as health, welfare, and social services; job training; schools; and parks.

Article 1 of the United States Constitution grants the U.S. government the power to establish and collect taxes. Congress delegated to the IRS the responsibility of administering and enforcing the Internal Revenue Code.

Taxes reduce taxpayers' income. As a result, taxpayers have less for personal goods and services, savings, and investments. The more services the government provides, the more taxpayers have to pay for them. Whenever new **public goods and services** are proposed that require new taxes, taxpayers must decide whether the additional benefits are worth the reduction in income.

### **Key Terms**

**public goods and services**—Benefits that cannot be withheld from those who don't pay for them, and benefits that may be "consumed" by one person without reducing the amount of the product available for others. Examples include national defense, streetlights, and roads and highways. Public services include welfare programs, law enforcement, and monitoring and regulating trade and the economy.

**taxes**—Require payments of money to governments that are used to provide public goods and services for the benefit of the community as a whole.

### **Opening the Lesson**

Ask students whether they know how the government pays for the goods it purchased and the services it provides. Show the PowerPoint™ Presentation—Theme 1 Overview: Your Role as a Taxpayer. Then present the information from the background section above.

## Developing the Lesson

On the board, list public programs and services such as:

- highways
- national defense
- police and fire protection
- public schools
- bank regulations
- job training
- libraries
- air traffic controllers
- subsidized school lunches
- drug rehabilitation programs
- scientific research

Explain that each is funded by taxes. Ask students:

- Would you rather pay for each of these items with tax dollars or as each service is used?

**Students should be allowed to voice their opinions freely and differ on the value of specific programs. Try to build a consensus that items on the list are: public goods that benefit and are used by all in such a way that no one uses them up (highways, education, job training, libraries, defense); a public responsibility (nutrition, unemployment benefits, health care); and/or an investment in future productivity and human resources (job training, drug programs, research).**

### *Online Activities*

Direct students to [Student Lesson—Why Pay Taxes?](#)

Have students complete one or more of the following activities:

- [Activity 1: Your Federal Government](#)—Check out the vast scope of the federal government.
- [Activity 2: Public Goods and Services](#)—Get a bird’s eye view of a typical community to see how many government services can be found.
- [Activity 3: Citizen’s Guide to the Federal Budget](#)—Learn how the federal government gets and spends its money.

### *Print Activity*

Print and distribute [Worksheet—Government Spending](#).  
[Worksheet Solutions—Government Spending](#)

### ***Classroom Activity***

Have students meet in small groups to compile a list of activities in which they or their family members have engaged within the last 48 hours. Then have students evaluate the activities to see what public goods or services they used for each activity. Using [Info Sheet 1—Taxes Shift Resources](#), have students identify what resources were shifted from the private sector to the government to provide the public goods and services on their list. For example, students could explain that resources used to produce public education include the building, land, teachers, books, desks, electricity, and students. Have each group share its findings with the class.

To extend the lesson, use [Info Sheet 2—Federal Revenues and Spending](#) to show students how their tax dollars are spent. Ask what might happen if the only tax-supported program was national defense. Students should realize that individuals would have more money to spend each year, but none of the services typically provided by the government would be freely available. Ask students what they think might happen in the short term and in the long term. (Most students will probably predict that society in general would suffer.)

### **Concluding the Lesson**

Ask students to think about why people pay taxes. Help students realize that certain functions are better performed collectively than individually.

### ***Online Assessment***

Direct students to complete [Assessment—Why Pay Taxes?](#) for this lesson.  
[Assessment Solutions—Why Pay Taxes?](#)

### ***Print Assessment***

Print [Assessment—Why Pay Taxes?](#) and have students complete it on paper.  
[Assessment Solutions—Why Pay Taxes?](#)

### ***Links***

Go to [Theme 1, Lesson 2](#) for information on tax legislation.