

Teacher Lesson Plan

Theme 1: Your Role as a Taxpayer
Lesson 4: The Taxpayer's Rights

Time Frame

One to three hours

Curriculum Area(s)

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

Purpose

To help students understand the rights of taxpayers and the procedures the IRS uses to process tax returns

Objectives

Students will be able to

- explain the taxpayer's right to confidentiality and the right to appeal.
- describe the IRS process for examination of returns.

Materials

Online

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

[Activity 1: Taxpayer Rights](#)

[Activity 2: Tax Court](#)

[Activity 3: Processing Tax Forms](#)

[Assessment—The Taxpayer's Rights](#)

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

Print (PDF)

[Info Sheet—Processing Tax Forms](#)

[Worksheet—Knowing Your Rights](#)

[Worksheet Solutions—Knowing Your Rights](#)

[Assessment—The Taxpayer's Rights](#)

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

[Complete Lesson Pack](#)

Web Links

[Taxpayer Advocate Service *http://www.irs.gov/taxpayer-advocate*](http://www.irs.gov/taxpayer-advocate)

[IRS Home Page *http://www.irs.gov*](http://www.irs.gov)

[United States Tax Court *http://www.ustaxcourt.gov*](http://www.ustaxcourt.gov)

Background

Taxpayers have specific rights. The information on taxpayers' returns is private and confidential and can be examined only by authorized tax personnel. The IRS will not disclose the information that taxpayers provide, except as authorized by law.

After checking basic math, the IRS accepts most taxpayers' returns. However, the IRS selects about one percent of tax returns for closer examination. The examination may or may not result in more tax.

The IRS uses computer programs to select returns for examination, or audit. Such programs identify when information received on Forms 1099 and W-2 does not match information given on the taxpayer's return. It also looks for other conditions that may indicate that information on the return is incorrect. The IRS may use information from outside sources, such as informants or public records.

Taxpayers have the right to appeal an IRS decision about **tax liability**. The taxpayer can **appeal** the decision within the IRS or ask a court to review the case.

Key Terms

appeal—To call for a review of an IRS decision or proposed adjustment.

tax liability (or total tax bill)—The amount of tax that must be paid. Taxpayers meet (or pay) their federal income tax liability through withholding, estimated tax payments, and payments made with the tax forms they file with the government.

Opening the Lesson

Ask students whether a newspaper has the right to petition the IRS to view the tax return of a public figure. Tell students that while individuals are free to disclose their own tax returns, the IRS respects the privacy and confidentiality of the taxpayer's return and will not release the information to an outside source. Distribute and discuss Info Sheet—Processing Tax Forms.

Developing the Lesson

Ask students whether they have ever heard people talk about an IRS audit. Explain that the IRS actually selects only one percent of all tax returns for examination. Most returns are accepted as filed after they are checked for accuracy and completeness. Dispel myths about the IRS examination process. Explain, for instance, that when taxpayers call the IRS for information, no records are kept of callers' names unless they ask for forms, publications, or more information. Also point out that IRS agents work on salary and do not receive a percentage of money collected from delinquent taxpayers. Whether a taxpayer files a return early or close to the deadline does not affect the chance of having the return selected for examination.

Online Activities

Direct students to [Student Lesson—The Taxpayer’s Rights](#).

Have students complete one or more of the following activities:

- [Activity 1: Taxpayer Rights](#)—Visit the IRS Web site to learn about your rights as a taxpayer.
- [Activity 2: Tax Court](#)—Go to the U.S. Tax Court Web site to learn about its role in settling tax disputes.
- [Activity 3: Processing Tax Forms](#)—Learn how the IRS processes tax forms.

Print Activity

Print [Worksheet—Knowing Your Rights](#) and distribute it to students.

[Worksheet Solutions—Knowing Your Rights](#)

Classroom Activity

Have students conduct research and report on the Taxpayer Advocate Service. Go to the [IRS Taxpayer Advocate Service](#) <http://www.irs.gov/advocate> or print the information from the Web site and distribute to students to read.

After students are familiar with the information, ask them how the Taxpayer Advocate Service relates to the appeals process. Help students understand that the Advocate Service is not a substitute for the appeals process and lacks the legal authority to change an IRS decision. However, the service upholds the IRS promise to respect taxpayer privacy and confidentiality.

Concluding the Lesson

Ask students:

- How do the taxpayer’s rights to privacy and to appeal fit into the examination process?

The information on taxpayers’ returns is private and confidential and can be examined only by authorized tax personnel. The IRS will not disclose the information that taxpayers provide, except as authorized by law. The taxpayer can appeal any decision within the IRS or ask a court to review the case.

Online Assessment

Direct students to complete [Assessment—The Taxpayer’s Rights](#).

[Assessment Solutions—The Taxpayer’s Rights](#)

Print Assessment

Print [Assessment—The Taxpayer’s Rights](#), and have students complete it on paper.

[Assessment Solutions—The Taxpayer’s Rights](#)

Links

Visit [Theme 1, Lesson 3](#) for information on taxpayer responsibilities.