

Tax Basics for Teens

SUBMITTED BY: Brian Page

SUBJECT(S): Personal Finance

GRADE LEVEL(S): 9, 10, 11, 12

≡ NBEA STANDARD(S):

- Personal Finance, II. Earning and Reporting Income

≡ RELATED ARTICLES:

- “The Paycheck Breakdown: What You Earn Is Not What You Keep”
- “Sharing Your Income with Uncle Sam: The Realities of Taxation”
- “It’s Tempting, but Is It Ethical?”
- “A Teen from the United Arab Emirates Considers a New Era of Taxation”

JUMP\$TART NATIONAL STANDARD: Employment and Income, Standard 3

CEE NATIONAL STANDARD: Earning Income, Standard 7

COMMON CORE STATE STANDARD: CCSS.ELA-LITERACY.WHST.9-10.9

CONTENT STATEMENT: Teens will experience the financial benefit of using basic tax forms to file a tax return, assuming they earned taxable income.

ESTIMATED TIME: 50 minutes

MATERIALS NEEDED: Each student needs their own computer with Internet connection; [Sample Check](#) (Included); Projector with Internet;

KEY VOCABULARY/TERMS: W4, W2, 1040, Social Security Tax, Medicare Tax, Payroll Tax

WHY THIS MATTERS TO YOU NOW: Teens who earned less than \$6,000 can likely anticipate a sizable refund if they file a tax return.

1. Project the [TAX CALCULATOR: ESTIMATE YOUR TAX REFUND FOR FREE](#) and distribute (or project) the example paycheck. Point out that the purpose of this exercise is to exhibit the benefit of a teenager living at home and working a part time job filing a tax return. Enter the following information:

1. Select: Single
2. Select: Zero dependents

- Enter: Birthdate: 05/06/2001

1. Select: Employment (W2)
2. Enter: Total Wages: \$6,000
3. Enter: Federal Income Taxes Withheld: \$374

- Enter: State Income Tax Withheld: \$39
- Skip Expenses

1. What is the anticipated refund? \$374
2. Use this as an opportunity to incentivize student to understand basic tax forms and file for their tax returns.

2. Use the [IRS Tax Tutorial \(Need hints on completing a W4\)](#) to review with students' basic vocabulary and concepts.

3. Explain to students that they will participate in two short tax simulations using the [IRS tax simulations](#) and discuss their experience. The goal is for the students to experience with common tax forms for teens: W4, W2, 1040EZ.

1. Lawrence Red Owl Simulation 1: Completing Form W-4
2. Cicely King Simulation 2: Using Your W-2 to File Your 1040EZ

4. Have students take the [Module 1: Payroll Taxes and Federal Income Tax Withholding Assessment: Payroll Taxes and Federal Income Tax Withholding](#)

5. Facilitate a full-class discussion to review any remaining questions and reflect upon the lessons learned during the simulation.

OPTIONAL: Share with students that they can receive free tax file software from the IRS if their income is below \$62,000. [Click here](#) to show students where they can find the software.

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