



Standards Instructional Guidance: HS.PFE.D - Personal Income, Taxes and Services

High School Personal Finance Education (HS.PFE) – Adopted 2024

VERSION 1.0



OREGON
DEPARTMENT OF
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Standard: HS.PFE.D.1

Standard Statement

Define and identify examples of common types of income.

Key Concepts

- Students can identify common types of income including, but not limited to:
 - Gross and net income
 - Income from full-time and part-time employment
 - Self-employment income
 - Interest, investments and dividend income
 - Active and passive income
 - Salary and hourly wages
 - Employee vs Independent contractor
 - Windfall income (e.g., tax refund per capita Tribal payment, inheritance)

Essential Questions

By the end of the unit, students should be able to answer:

What is the significance of gross and net income in financial planning?

What are the benefits and challenges of part-time employment for high school students?

Considerations

Socio-Economic:

- Students' experiences with income can differ widely—some may come from families with steady salaries, while others rely on self-employment, temporary or freelance work, or seasonal jobs.
- Financial challenges and instability may be shaped by factors outside students' control, such as family employment status or the local job market.
- Recognizing these differences can help create a supportive environment where students can see how various income sources impact financial planning.



Culturally Responsive:

- Cultural norms and expectations shape how people view work, income, and financial security.
- In some cultures, stability and long-term employment are highly valued, while others prioritize entrepreneurship and innovation as pathways to financial well-being.
- Acknowledging these cultural influences helps students see that income can come from many paths and that each path is valid and worthy of respect.

Strength-Based:

- Students contribute to the economy and their communities in many ways—through jobs, creative work, caregiving, and more.
- Highlighting role models from a range of careers and cultural backgrounds can help students see themselves in diverse income-earning pathways.
- Celebrating the many forms of work and income can empower students to value their skills and explore opportunities that resonate with their strengths and interests.

Vocabulary

Term	Definition
Gross Income	Gross income refers to the total amount of money earned before any deductions or taxes are taken out. For example, if you earn a salary of \$60,000 per year, that's your gross income. Rental income, interest, dividends, and wages all contribute to gross income. Gross income is essential for calculating taxes and eligibility for certain benefits.
Net Income	Net income represents the amount of money left after all allowable deductions (such as taxes and expenses) are subtracted from gross income. For example, if your annual salary is \$50,000, but after taxes and other deductions, you take home \$40,000, that's your net income. Net income reflects your actual disposable income for spending and saving.
Full-Time Employment	Full-time employment typically involves working around 30 hours or more per week consistently. A person working typically 40 hours a week at a company is considered a full-time employee. Full-time employees often receive benefits like health insurance and paid time off.
Part-Time Employment	Part-time employment involves working fewer than the defined full-time hours (usually less than 30 hours per week). For example, a student working 20 hours a week at a retail store is a part-time employee. Part-time workers may have flexible schedules and fewer benefits.

Term	Definition
Self-Employment	Self-employment means working for oneself rather than for a specific employer. Self-employed individuals contract directly with clients. Freelancers, independent contractors, and sole proprietors are self-employed. Writers, lawyers, tradespeople, and actors can be self-employed.
Interest	Interest is the price paid for borrowing money or the return earned on an investment. When you take out a loan, the interest is the extra amount you pay back to the lender. If you have a savings account, the interest earned on your balance contributes to your overall return.

Sample Student Activities

Income Exploration Stations: Students will explore various types of income, understand their definitions, and recognize their real-world applications.

- **Materials:**
 - Large posters or digital slides with the definitions and examples of income types (e.g. Full-Time Employment, Part-Time Employment, Self-Employment, Active and passive income)
 - Sticky notes or index cards.
- **Introduction:**
 - Display the income type posters around the classroom or on a screen.
 - Briefly explain each type of income using the provided definitions and examples.
 - Emphasize the importance of understanding income diversity.
- **Exploration Stations:**
 - Divide students into small groups.
 - Assign each group to an “income exploration station” (one income type).
 - Provide sticky notes or index cards to each group.
 - At their assigned station, students discuss and write down:
 - Real-life examples related to the income type.
 - Benefits and challenges associated with that type of income.
 - How cultural perspectives might influence it.
- **Rotation:** After a set time (e.g., 5 minutes), rotate groups to the next station. Repeat the discussion and note-taking process.
- **Reflection:** Ask students to reflect on which income type resonates with them personally.
- **Closure:**
 - Summarize key takeaways.
 - Income types are diverse and influenced by cultural norms.
 - Each type has unique benefits and considerations.

Additional Examples

Example sources of income:

- **Part-Time Jobs:** Many high school students work part-time jobs after school or during weekends. These jobs can include retail, food service, babysitting, or tutoring.
- **Freelancing:** If you have skills like writing, graphic design, or programming, consider freelancing. Websites like Upwork and Fiverr connect freelancers with clients seeking specific services.
- **Tutoring:** If you excel in a particular subject, offer tutoring services to other students. You can tutor in-person or online.
- **Babysitting:** Babysitting is a flexible way to earn money. Parents often need reliable sitters for evenings or weekends.
- **Pet Sitting or Dog Walking:** If you love animals, consider pet sitting or dog walking. It's a fun way to earn money while spending time with furry friends.
- **Yard Work or Snow Shoveling:** Offer to mow lawns, rake leaves, or shovel snow for neighbors. Seasonal work can be profitable.
- **Sell Handmade Crafts or Art:** If you're creative, sell your handmade crafts, paintings, or jewelry online or at local markets.
- **Affiliate Marketing:** If you have a blog, YouTube channel, or social media following, promote products and earn commissions on sales made through your unique links.
- **Working for a Family Business:** If your family owns a business, consider contributing by working part-time or during weekends. Tasks could include customer service, inventory management, social media promotion, or assisting with day-to-day operations.
- **Seasonal Work:** These jobs could be a good choice for students, since it often aligns with school breaks and holidays. Here are some examples of seasonal jobs:
 - **Retail Positions:** Working in stores during busy seasons, such as back-to-school or holidays.
 - **Lawn Care or Landscaping:** Tasks like mowing lawns, raking leaves, or shoveling snow.
 - **Summer Camp Counselor:** Assisting with summer camps or recreational programs.
 - **Lifeguarding:** If you're a strong swimmer, consider lifeguarding at pools or beaches during the summer.
 - **Tourism Industry:** Explore seasonal jobs at amusement parks, resorts, or tourist attractions.

Supplemental Resources

External Links

[Open Education Resources/Oregon Open Learning Group: Oregon Personal Financial Education](#)

The resources in this group have been curated by ODE content specialists and Oregon educators to supplement materials for courses that include Personal Financial Education standards.

[It's Your Paycheck Curriculum](#)

This resource from the Federal Reserve Bank of St. Louis includes 9 lessons complete with handouts and visuals. Lesson 2 focuses on wages, gross pay, net pay, W4 forms, W2 forms, and income taxes.

[Personal Finance: Analyzing a Pay Stub](#)

This OER Commons lesson offers students an opportunity to learn how to read a pay stub, to be able to differentiate between gross pay and net pay, and to understand the various deductions taken out of a paycheck.



Standard: HS.PFE.D.2

Standard Statement

Understand the personal income tax filing cycle, including common tax forms and available tax preparation resources and options.

Key Concepts

- Students can describe the responsibilities for personal tax filing including, but not limited to:
 - Annual tax cycles
 - Deductions (standardized versus itemized) and Subtractions
 - Tax withholdings and estimated payments
 - Threshold for income to file taxes
 - Dependency status
 - Tax brackets
 - Repayment options
- Students can understand state and federal tax forms and available tax resource options including, but not limited to:
 - Tax forms (e.g., W-2, W-4, I-9, 1040, 1099, 1098, OR-W-4, OR-40, Schedule C, Schedule SE)
 - Filing taxes and preparation resources and options (e.g., tax advisor, Certified Public Accountant, software, Direct File, Direct File Oregon and free tax filing options)
 - Tax forms for owning a business

Essential Questions

By the end of the unit, students should be able to answer:

What are the critical milestones in the annual tax cycle, and how do they impact individuals' financial planning?

How do different tax forms (e.g., W-2, 1040, 1099) contribute to the tax filing process?



Considerations

Socio-Economic:

- Access to technology can impact students' ability to learn about or complete tax filings—offering both digital and print resources can help ensure all students have equal opportunities to engage.
- Free community-based tax preparation workshops and clinics can be valuable resources, especially for low-income families navigating complex tax processes.
- Family income levels and job types may shape students' familiarity with tax forms, deductions, and withholdings.
- Creating space for questions about personal and family tax situations can help break down stigma and assumptions, fostering inclusivity and understanding.

Culturally Responsive:

- Students' exposure to taxes and views on their purpose—whether as a civic responsibility or as a burden—can be shaped by cultural values and family norms.
- Family structures vary widely, and these dynamics can influence tax filing status and obligations (e.g., single-parent households, multigenerational families).
- Using relatable, everyday examples can help students understand how taxes impact financial decisions and community services, making lessons feel relevant and connected.
- Discussing scenarios that reflect diverse family situations can help students see how tax obligations adapt to different personal circumstances.

Strength-Based:

- Encouraging students to explore trusted resources—like official IRS publications, community tax clinics, and free e-filing options—can build confidence and independence.
- Highlighting tools like tax software and professional services helps students see that filing taxes doesn't have to be overwhelming or intimidating.
- Understanding that taxes are part of financial planning can help students feel more prepared and empowered to make informed decisions about credits, deductions, and tax filing in the future.

Vocabulary

Term	Definition
Tax	Tax is a mandatory contribution collected by governments from individuals or corporations. It funds public services, infrastructure, and programs like Social Security and Medicare. There are several different types of tax, which include but are not limited to: • Income Tax: A percentage of earned income paid to the government. • Sales Tax: Added to the price of goods and services at the point of sale. • Property Tax: Based on the assessed value of real estate. • Payroll Tax: Withheld from employees' wages for Social Security and Medicare. • State Income Tax: Varies by state and applies to income earned within that state.
Deductions	Deductions are amounts subtracted from income to reduce taxable income. They include expenses like business costs, mortgage interest, and charitable donations.
Withholdings	Withholdings are portions of an employee's wages withheld by the employer to cover taxes owed. These amounts are remitted directly to tax authorities. Some examples include federal income tax withholdings taken from each paycheck to cover federal taxes; state income tax withholding which varies by state; and Social Security and Medicare withholdings that are automatically deducted from wages.
Dependency	Dependency refers to relying on something or someone. In tax context, it relates to claiming dependents (such as children) on tax returns. Parents can claim children as dependents for tax benefits. Supporting elderly parents financially may qualify as a dependency. Relatives meeting specific criteria may be claimed as well.
Tax Advisor	A tax advisor is a financial expert with advanced knowledge of tax law. They help minimize taxes while ensuring compliance with regulations. Some examples include: • Certified Public Accountants (CPAs): Provide tax planning and preparation services. • Tax Attorneys: Specialize in tax law and represent clients in tax matters. • Enrolled Agents: Licensed by the IRS to represent taxpayers. • Financial Advisors with Tax Expertise: Assist clients in tax-efficient financial planning.

Sample Student Activities

Understanding Tax Milestones:

- Divide students into small groups.
- Assign each group a specific tax milestone (e.g., tax return due date, estimated tax payment deadlines, tax refund processing time).
- Ask students to research and create a visual timeline or infographic highlighting the critical milestones in the annual tax cycle.
- Discuss how these milestones impact individuals' financial planning. For example:
 - How does knowing the tax return due date affect budgeting and saving?
 - What strategies can individuals use to meet estimated tax payment deadlines?

Tax Form Scavenger Hunt:

- Provide students with a list of common tax forms (e.g., W-2, 1040, 1099).
- Have students work individually or in pairs to find examples of these forms online or in tax preparation resources.
- Ask students to analyze each form:
 - What information does it contain?
 - Who receives or submits this form?
 - How does it contribute to the tax filing process?
- Discuss the significance of each form and its impact on individuals' tax obligations.

Additional Examples

Example overview of responsibilities for personal tax filing:

- Annual Tax Cycles:
 - Tax filing typically occurs on an annual basis. For most individuals, the tax year aligns with the calendar year (January 1 to December 31).
 - Important Dates:
 - January 1: The start of the tax year.
 - April 15: The deadline for filing federal income tax returns (may vary slightly due to weekends or holidays).
 - October 15: The extended deadline if you filed for an extension.
 - Keep track of your income and expenses throughout the year to make tax filing smoother.
- Deductions:
 - Standard Deduction: This is a fixed amount that reduces your taxable income. For 2023, the federal standard deduction was \$13,850 for single or married individuals filing separately.
 - Itemized Deductions: These include expenses like mortgage interest, medical expenses, and charitable contributions. You can choose between the standard deduction and itemizing deductions based on what benefits you more.

- Tax Withholdings:
 - When you work a job, your employer withholds a portion of your paycheck for taxes (federal, state, and sometimes local).
 - You'll receive a W-2 form from your employer, which shows your total earnings and the taxes withheld.
 - Filing your tax return helps reconcile any overpayment or underpayment.
- Threshold for Income to File Taxes:
 - If your earned income (from jobs, not investments) is below the standard deduction (currently \$13,850), you may not be required to file a federal tax return.
 - However, consider filing anyway:
 - To get back any taxes withheld from your paychecks.
 - To claim tax credits.
 - To establish a tax history.
- Dependency Status:
 - High schoolers living with parents are usually considered dependents on their parents' tax return.
 - College students have more complex rules. Parents can claim them as dependents up to age 24 if they're enrolled in school.

Example state and federal tax forms that individuals should be familiar with:

- Federal Tax Forms:
 - Form 1040: The U.S. Individual Income Tax Return. Most taxpayers use this form to report their income, deductions, and tax credits. It comes in different versions (1040, 1040A, and 1040EZ) based on complexity.
 - Form W-2: Provided by employers, it shows your total earnings and the taxes withheld during the year.
 - Form 1099: Various versions (e.g., 1099-INT, 1099-DIV, 1099-MISC) report income from sources like interest, dividends, or freelance work.
 - Form 8862: For claiming the Earned Income Tax Credit (EITC).
 - Form 8962: Used to reconcile any advance Premium Tax Credits received for health insurance under the Affordable Care Act.
 - Form 8889: For Health Savings Accounts (HSAs).
- State Tax Forms:
 - Each state has its own tax agency and specific forms. Common state tax forms include:
 - Common State Income Tax Forms:
 - Form OR-40: The Oregon Individual Income Tax Return. Most Oregon residents use this form to report their income, deductions, and tax credits. It's similar to the federal Form 1040 but specific to Oregon.
 - Form OR-40-P: If you're a part-year resident or have income from Oregon sources, you'll use this form. It helps calculate your Oregon tax based on the percentage of income earned in the state.

- State W-2 Equivalent: Shows state income and withholding.
- State 1099s: Similar to federal 1099s, reporting state-specific income.
- State Tax Credits Forms: For state-specific credits (e.g., education, solar energy).
- Property Tax Forms: If you own property, you'll need to report property taxes paid.

Example tax filing resources available:

- Tax Software: Several options like TurboTax, H&R Block, TaxSlayer, Jackson Hewitt, and GetYourRefund.org.
- Professional Tax Advisors: You could seek advice from certified tax professionals. They can guide you through complex tax situations, deductions, and credits.
- Additional Resources:
 - Attend live training sessions to enhance your tax knowledge.
 - Access on-demand recording sessions at your convenience.
 - Explore in-depth tax-related content in articles and whitepapers.

Supplemental Resources

External Links

[Open Education Resources/Oregon Open Learning Group: Oregon Personal Financial Education](#)

The resources in this group have been curated by ODE content specialists and Oregon educators to supplement materials for courses that include Personal Financial Education standards.

[Understanding Taxes Student Site](#)

This website from the IRS offers 38 lessons on understanding taxes including the “hows” and the “whys” of taxes. It has student activities, tax tutorials, simulations, and assessments.

[Oregon Department of Revenue Resources for Educators](#)

This website provides information on presentations related to personal income taxes that can be given during a single class period. The presentation materials include practice materials and handouts. There is also information on how to request that an Oregon Department of Revenue employee present the material in your classroom.



Standard: HS.PFE.D.3

Standard Statement

Understand taxes associated with various sources of income and common tax credits that could reduce individual tax liability.

Key Concepts

- Students can compare tax liabilities for common sources of income including, but not limited to:
 - Earned Income
 - Interest and Dividends
 - Capital Gains
 - Self-Employment
- Students can identify common tax credits to reduce overall income taxes including, but not limited to:
 - Child Tax Credit (CTC) and the Oregon Kids Credit
 - American Opportunity Tax Credit
 - Lifetime Learning Credit
 - Earned Income Tax Credit (EITC)
 - Oregon Earned Income Credit (EIC)
 - Oregon Earned Income Credit for ITIN Filers (EIC-ITIN)
 - Oregon Exemption Credit
 - Oregon Surplus Credit

Essential Questions

By the end of the unit, students should be able to answer:

How do different sources of income impact an individual's tax liability?

How do different tax credits reduce overall income taxes, and what are their implications for taxpayers?



Considerations

Socio-Economic:

- Students' understanding of taxes will reflect the diversity of their family circumstances—some may be familiar with salaried income, while others see self-employment, investment income, or multiple income sources in their households.
- Income level, job stability, and educational background shape how families engage with taxes and what credits or deductions they can access.
- Tax credits and benefits are not always equitably distributed—discussing these differences can help students think critically about fairness and the role of taxes in promoting social equity.
- Acknowledging these differences supports an inclusive learning environment where students can see their unique experiences reflected in the discussion.

Culturally Responsive:

- Cultural attitudes can influence how families think about taxes—some view them as a civic duty or a way to support the community, while others see them as a burden or source of stress.
- Immigrant families may face more complex tax issues—like dual citizenship or foreign income—and may rely on multilingual resources or community help.
- Creating lessons that validate these diverse perspectives and provide accessible resources can help all students feel included and supported.
- Recognizing these cultural and personal contexts can deepen students' understanding of how taxes affect people differently.

Strength-Based:

- Highlighting students' ability to adapt, learn, and ask questions can build confidence around taxes and financial decision-making.
- Some students may have direct or family experience with unique income sources, such as small businesses or investment accounts—these stories can enrich learning for the whole class.
- Inviting community voices, like small business owners or self-employed workers, can show students how real-world experiences shape tax planning and credits.
- Focusing on tax credits and benefits as tools for financial health can help students see taxes not just as a burden but as an opportunity to support their goals.

Vocabulary

Term	Definition
Earned Income	Income earned from working as an employee or self-employed individual. Earned income is subject to federal income tax, Social Security tax, and Medicare tax. Employers withhold these taxes from a paycheck. Earned income is reported on a Form W-2 for employees and a Schedule C for self-employed individuals.
Interest and Dividends	Income from bank accounts, bonds, or stock dividends. These are subject to federal income tax and reported on a Form 1099-INT (for interest) and a Form 1099-DIV (for dividends)
Capital Gains	Profit from selling investments (stocks, real estate, etc.). These are subject to capital gains tax and reported on a Schedule D.
Rental Income	Income from renting out property. These are subject to federal income tax and reported on a Schedule E.
Self-Employment Income	Income from freelance work, consulting, or running a business. This income is subject to federal income tax, self-employment tax, and possibly state taxes. This is reported on a Schedule C.
Alimony and Child Support	Payments received due to divorce or separation. Alimony is taxable; child support is not. Both are reported on a Form 1040.
Other Income Sources	Examples of other income sources include, but are not limited to: Prizes, Awards, and Gambling Winnings, which are subject to federal income tax. Scholarships and Grants which are generally tax-free if used for qualified education expenses. Social Security Benefits, which are taxable if your total income exceeds a certain threshold. Unemployment Compensation, which is generally taxable.

Sample Student Activities

Activity: Tax Liability Comparison

- Scenario-Based Analysis:
 - Provide students with different income scenarios (e.g., salaried employee, stock market investor, freelance graphic designer).
 - Ask students to calculate the tax liability for each scenario.
 - Discuss the impact of different income sources on overall tax payments.

- Case Studies:
 - Assign case studies related to real individuals with varying income sources.
 - Students can analyze their tax returns, identify deductions, and compare tax liabilities.
 - Encourage critical thinking about tax planning strategies.
- Debate or Panel Discussion:
 - Divide the class into two groups: one advocating for earned income and the other for investment income (interest, dividends, capital gains).
 - Conduct a debate or panel discussion on which type of income should be taxed more or less.
 - Consider economic, social, and equity perspectives.

Additional Examples

Example common tax credits that could reduce individual tax liability:

- Child Tax Credit (CTC) are designed for families with children under the age of 17, the CTC can provide up to \$2,000 per child.
- Child and Dependent Care Credit (CDCC) can be claimed if you pay for childcare or care for a dependent. This credit can help cover a percentage of those costs.
- American Opportunity Tax Credit is specifically for higher education expenses. This credit can offset college tuition and related costs.
- Lifetime Learning Credit is another education-related credit. The Lifetime Learning Credit applies to qualified expenses for post-secondary education or job skills improvement.
- Earned Income Tax Credit (EITC) benefits low to moderate-income individuals and families. It's based on your earned income and family size.
- Premium Tax Credit can be claimed if you purchased health insurance through the Affordable Care Act marketplace. This credit may help cover premiums.

Supplemental Resources

External Links

[Open Education Resources/Oregon Open Learning Group: Oregon Personal Financial Education](#)

The resources in this group have been curated by ODE content specialists and Oregon educators to supplement materials for courses that include Personal Financial Education standards.

[Understanding Taxes](#)

The Understanding Taxes program by the IRS offers comprehensive lesson plans, interactive activities, and simulations for teaching about taxes. Educators can customize the content to suit their teaching style and students' needs. The program covers tax theory, history, and practical application. It includes 38 detailed lesson plans that guide instruction from introducing tax concepts to concluding the lesson and PowerPoint™ presentations available. Additionally, tax forms can be ordered for free from the IRS for classroom use.



Standard: HS.PFE.D.4

Standard Statement

Understand common types of federal, state, regional, and local taxes and associated tax-funded services provided.

Key Concepts

- Students can understand various federal and state taxes including, but not limited to:
 - Income taxes
 - Social Security and Medicare Taxes (e.g., FICA)
 - Excise taxes
 - Sales tax
 - Vehicle registration fees
 - Estate and inheritance taxes
- Students can understand various local and regional taxes including, but not limited to:
 - Local sales taxes
 - Property tax
 - Occupational taxes

Essential Questions

By the end of the unit, students should be able to answer:

How do various types of federal and state taxes impact individuals, businesses, and government revenue?

How do various types of local and regional taxes impact individuals, businesses, and government revenue?



Considerations

Socio-Economic:

- Taxes impact households differently, and students may come from families who feel these differences in varying ways.
- Regressive taxes, like sales taxes, often take up a larger share of income for lower-income households, while progressive taxes can help redistribute resources to support those in need.
- Tax-funded services—such as education, healthcare, and infrastructure—can be especially significant in communities with limited resources.
- Encouraging students to think about how taxes connect to the services they rely on can help them see taxes as both a burden and a community investment.

Culturally Responsive:

- Cultural values around taxes can reflect broader attitudes about government, community, and individual responsibility.
- In some cultures, collective well-being and shared responsibility may support higher trust in taxes as a tool for good, while other cultures may see taxes as limiting individual choice or autonomy.
- Historical experiences with the government can shape whether families trust that tax dollars are used fairly and effectively.
- Acknowledging these cultural nuances can create a more inclusive classroom dialogue.

Strength-Based:

- Students bring unique perspectives, shaped by their family and cultural backgrounds, which can enrich conversations about tax fairness and policy.
- Real-world case studies and student-led research can help them connect abstract tax concepts to daily life and community well-being.
- Validating students' lived experiences and encouraging critical thinking about tax systems can empower them to advocate for fairness and to see taxes as a shared civic responsibility.
- Focusing on how taxes fund essential services can help students see their importance beyond individual burden.

Vocabulary

Term	Definition
Federal Taxes	Federal Income Tax: The federal government uses a progressive tax system, with tax brackets ranging from 10% to 37%. These brackets apply to different portions of a person's income. There are various other federal taxes such as: • Social Security and Medicare Taxes (FICA) are payroll taxes that fund social security benefits and Medicare health coverage. • Excise taxes are levied on specific goods or services, such as gasoline, alcohol, tobacco, and airline tickets.
State Taxes	State taxes are taxes imposed by individual within a country. These taxes can vary significantly from one state to another and typically include: • Income taxes: These are taxes on the income earned by individuals and businesses. Most states have their own income tax systems. The rates and deductions vary by state. • Sales taxes: Taxes on the sale of goods and services. This is usually a percentage added to the price of goods and services at the point of sale. • Property taxes: These are taxes on the ownership of property (land and buildings), such as real estate. • Vehicle registration fees: These are paid annually for vehicle registration. • Estate and Inheritance Taxes: Some states impose taxes on inherited wealth.
Local Taxes	Local taxes are taxes imposed by local government entities, such as cities, counties, or municipalities. These taxes help fund local services and infrastructure. Common types of local taxes include: • Property taxes: Taxes on real estate and sometimes personal property. Local governments collect property taxes to fund schools, infrastructure, and public services. • Sales taxes: Some localities impose additional sales taxes on top of state sales taxes. • Income taxes: Certain cities or counties levy taxes on specific professions or occupations. • Utility taxes: Taxes on utilities like water, electricity and gas. • Hotel and lodging taxes: Taxes on short-term accommodations.

Sample Student Activities

Tax Simulation Game:

- Divide students into groups, each representing a different tax scenario (e.g., income tax, sales tax, property tax).
- Provide them with fictional income, expenses, and tax rates.
- Have students calculate their tax liability and discuss the implications. How does each tax affect their financial situation?

Case Studies:

- Present real-world case studies related to tax decisions.
- For federal and state taxes, discuss scenarios like claiming deductions, understanding progressive tax brackets, and analyzing tax credits.
- For local and regional taxes, explore property tax assessments, business license fees, and their impact on local services.

Debate: Tax Fairness:

- Organize a class debate on the fairness of different tax systems.
- Assign students roles (e.g., taxpayer, business owner, government representative) and have them argue for or against specific tax policies.
- Encourage critical thinking about equity and social justice.

Additional Examples

Examples of common services and programs funded by these various taxes:

- Federal Income Taxes:
 - Social Programs: Federal income taxes contribute to programs such as Social Security, Medicare, and Medicaid. These provide financial support and healthcare services to eligible individuals, including retirees and low-income families.
 - Defense and National Security: Funding for the military, defense operations, and national security initiatives.
 - Infrastructure: Federal income taxes help maintain and improve infrastructure, including roads, bridges, airports, and public transportation systems.
 - Education: Federal funding supports grants, scholarships, and student loans for higher education.
- State Income Taxes:
 - Education: State income taxes contribute to K-12 education, public universities, and community colleges.
 - Healthcare: Some states use income tax revenue to fund healthcare programs, including Medicaid expansion.
 - Public Safety: Funding supports public safety including state police, fire departments, and emergency services.
 - Infrastructure: State income taxes may support local infrastructure projects.

- Social Security and Medicare Taxes (FICA):
 - Social Security Benefits: FICA taxes fund Social Security retirement benefits, survivor benefits, and disability benefits.
 - Medicare: FICA taxes support Medicare, providing healthcare coverage for seniors and certain disabled individuals.
- Excise Taxes:
 - Transportation: Excise taxes on gasoline and aviation fuel contribute to maintaining roads, highways, and airports.
 - Sin Taxes: Excise taxes on alcohol and tobacco products help offset health-related costs associated with their consumption.
- Sales Tax:
 - Local Services: Sales tax revenue supports local government services, including police, fire departments, and public works.
 - Education: Some states allocate a portion of sales tax revenue to education funding.
 - Tourism and Culture: Sales tax from tourism-related purchases supports cultural institutions and events.
- Vehicle Registration Fees:
 - Road Maintenance: Fees collected during vehicle registration contribute to road repairs and maintenance.
 - Public Safety: Some funds go toward law enforcement efforts related to vehicle safety.
- Estate and Inheritance Taxes:
 - State Revenue: Estate and inheritance taxes generate revenue for state budgets.
 - Public Services: These funds may be used for public services, infrastructure, or education.
- Local Sales Taxes:
 - Local Services: Similar to state sales taxes, local sales taxes support essential services within a specific locality.
- Property Tax:
 - Local Schools: Property taxes primarily fund local schools and education.
 - Infrastructure and Services: Revenue from property taxes helps maintain roads, parks, and other public facilities.
- Occupational Taxes:
 - Business Licensing: Occupational taxes are often levied on businesses and professionals operating within a jurisdiction.
 - Local Services: These funds contribute to local services and infrastructure.

Supplemental Resources

External Links

[Open Education Resources/Oregon Open Learning Group: Oregon Personal Financial Education](#)

The resources in this group have been curated by ODE content specialists and Oregon educators to supplement materials for courses that include Personal Financial Education standards.

[Income Taxes: Who Pays and How Much? Lesson Plan](#)

The St. Louis Federal Reserve offers a lesson plan titled “Income Taxes: Who Pays and How Much?” The lesson is divided into sections that address specific questions related to income taxes.