

Name:

IN THIS LESSON, YOU WILL:

- Calculate percentages
- Differentiate between earned and unearned income
- Explain what W-2 and 1099s are used for and how they are different from each other
- Explain the difference between a tax credit and a tax deduction
- Calculate taxes using US federal tax brackets, deductions, and credits



INTRO

QUESTION OF THE DAY: How many math errors did taxpayers make on tax returns in 2020?

Write your answer to the question of the day below. Then, compare your answer to the answer on the second slide. Finally, follow your teacher's directions on how to answer the follow-up questions below.

1. **How many math errors did taxpayers make on tax returns in 2020?**
2. **Does it surprise you that taxpayers make so many errors on their tax returns?**
3. **What strategies can you use to avoid making mistakes on your own tax return?**



REFERENCE: [Do I need to file a return?](#)

Before you start filling out tax forms, you should first ask yourself: Do I need to file a tax return? Read the two reference documents linked above about types of income and when you need to file a return, and use them to answer the questions.

1. **Selena has earned income of \$11,000. Does she need to file a tax return? Why or why not?**

 2. **Andrew did not work last year but won a cash prize at a carnival of \$2,500. Does he need to file a tax return? Why or why not?**
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EDPUZZLE: [What's a W-2 Form?](#)

When it's time to file your tax return, you will likely receive a W-2 form. Watch this video to learn more about the W-2. Then, answer the questions either in EdPuzzle or below.

1. **All of the following people should receive W-2 Forms EXCEPT...**
 - a. Edgar, who works 10 hours/week cleaning pools for \$15/hour at WeCleanPools
 - b. Melinda who works 40 hours/week at a local ice cream shop in the summer
 - c. Marcus, who is on salary as a sales representative at a shoe store, working full-time
 - d. Serena, who is a freelance wedding photographer

2. **In which box on your W-2 can you find your... A) Wages and Income B) Taxes Withheld?**
 - a. A) Wages and income = BOX 1; B) Taxes withheld = Not provided on W-2 Form
 - b. A) Wages and income = BOX 1; B) Taxes withheld = BOX 2
 - c. A) Wages and income = BOX 2; B) Taxes withheld = BOX 1
 - d. A) Wages and income = BOX 2; B) Taxes withheld = BOX 3

3. **When should you receive your W-2 form from your employer?**
 - a. Attached to every paystub
 - b. By January 1st
 - c. By January 31st
 - d. By April 15th

VIDEO: [10 Things You Should Know About 1099s](#)

If you aren't employed by a company but do work for them as an independent contractor, you might be issued a 1099 statement. Watch the video and use it to answer the questions.

- 1. What is the minimum total pay for independent contractors before you receive a 1099 form?**
- 2. 1099 forms are issued to independent contractors paid by a business but they also can be issued for other purposes. State two other situations that might cause you to receive a 1099.**



MATH CONNECTION - Calculating your Federal Taxes

ACTIVITY: [CALCULATE: Your Federal Taxes](#)

Follow your teacher's instructions to complete the Calculate: Your Federal Taxes activity.



EXIT TICKET

Follow your teacher's instructions to complete the Exit Ticket.