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| **TEXAS CTE LESSON PLAN**[www.txcte.org](http://www.txcte.org) |
| **Lesson Identification and TEKS Addressed** |
| **Career Cluster** | Business Management and Administration |
| **Course Name** | Virtual Business |
| **Lesson/Unit Title** | Research-Recordkeeping and Tax Issues |
| **TEKS Student Expectations** | **130.141. (c) Knowledge and Skills**(5) The student establishes pricing, billing, and collections procedures(B) The student is expected to research appropriate recordkeeping and tax issues |
| **Basic Direct Teach Lesson**(Includes Special Education Modifications/Accommodations and one English Language Proficiency Standards (ELPS) Strategy) |
| **Instructional Objectives** | The student will be able to research and determine appropriate recordkeeping and tax issues.The student is expected to research and report on recordkeeping and tax issues when owning a business. |
| **Rationale** | The main purpose of this lesson is to provide students the time and opportunity to research and report on recordkeeping and tax issues in a business. |
| **Duration of Lesson** | When taught as written, this lesson should take approximately 300 minutes to teach. |
| **Word Wall/Key Vocabulary***(ELPS c1a,c,f; c2b; c3a,b,d; c4c; c5b) PDAS II(5)* | * **EIN (Employer Identification Number)**-used to identify the tax accounts of employers, certain sole proprietors,corporations, partnerships, estates, trusts, and other entities. You must have one if you have employees, have a qualified retirement plan, operate your business as a corporation or partnership, or file returns for either employment taxes or excise taxes
* **Calendar Tax Year-**twelve consecutive months beginning January 1 and ending December 31
* **Fiscal Tax Year-** twelve consecutive months ending on the last day of any month except December
* **Cash Method**-businesses report income in the tax year they receive it
* **Accrual Method**-businesses report income in the tax year they earn it even though they may receive payment ina later year
* **Income Tax**-a tax that governments impose on financial income generated by all entities within their jurisdiction
* **Federal Income Tax Withholding**-income tax withheld from employees’ wages and paid directly to thegovernment by the employer
* **Social Security Tax**-a payroll tax levied on both employers and employees used to fund the Social SecurityProgram
* **Medicare Tax**-a payroll tax levied on both employers and employees used to fund the Medicare program
* **Federal Unemployment Tax**-a payroll tax levied on the employer that is collected and then allocated to stateunemployment agencies and paid to unemployed workers who are eligible to claim unemployment insurance
* **Form I-9**-employment form that both the employer and employee have to fill out that verifies that each newemployee is legally eligible to work in the United States
* **Form W-4**-employment form for employees to fill out to determine their number of withholding allowances
* **Form W-2**-employment form furnished by the business to all paid employees at the end of the calendar year; itreports payments and withholdings for the year
* **Form 8300**-a form that must be filed if you paid or received over $10,000 in one cash transaction
* **Self-Employment Tax**-money that a small business owner must pay to the federal government to fund Medicareand Social Security if the individual has net earnings of $400 or more in self-employment income over the course of the tax year
* **Excise Tax**-a federal or state tax imposed on the manufacture and distribution of certain non-essential consumergoods (e.g., environmental taxes, communications taxes, and fuel taxes)
* **Electronic Federal Tax Payment System (EFTPS)**
* **Form 1099-MISC**- used to report the year-end summary of all none-employee compensation such as royalties,rent, self-employment, and independent contractor income
* **Penalty**-a punishment imposed for violating a law or agreement
* **Startup Costs**-a variety of different costs that a new business owner must incur in order to get the businessestablished; typically, one-time costs
* **Depreciation**-the gradual conversion of the cost of a tangible capital or fixed asset into an operation expense
* **Exemption**-freedom from an obligation, restriction, or responsibility
* **Financial Statements**-a summary report that shows the business’s current financial position as well as how abusiness has used the funds entrusted to it by its shareholders and lenders
* **Receipt-**formal, written acknowledgment that something of value has been received
* **Gross Receipts**-total revenue before deducting expenses; supporting documents include cash register tape,bank deposit slips, receipt books, invoices, credit card charge slips, and 1099-MISC forms
* **Purchases**-the items you buy and resell to customers; supporting documents include canceled checks, cashregister tape receipts, credit card slips, and invoices
* **Expenses**-any cost of doing business resulting from revenue-generating activities
* **Petty Cash Fund**-a small amount of cash kept on hand by a business for incidental expenses
* **Asset-**any item of economic value owned by an individual or corporation that could be converted to cash
* **Liability**-an obligation that legally binds an individual or company to settle a debt
* **Owner’s Equity**-total assets minus total liabilities of an individual or company; sometimes called net worth
* **General Journal-**an accounting record where all business transactions are originally entered that details whichtransactions occurred and what accounts were affected
* **Ledger**-an accounting book of final entry where transactions are listed in separate accounts
* **Income Statement**-an accounting of income and expenses that indicates a company’s net profit or loss over acertain period of time
* **Balance Sheet**-a tabular statement of both sides of a set of accounts in a company in which the debit and creditbalances add up as equal
* **Single-Entry System**-based on the Income Statement, businesses record the flow of income and expensesthrough the use of a daily summary of cash receipts and monthly summaries of cash receipts and disbursements
* **Double-Entry System**-uses journals and ledgers wherein transactions are first entered in a journal and thenposted to ledger accounts wherein the business closes income and expense accounts on a yearly basis but keeps open the asset, liability, and net worth accounts permanently
* **Sole Proprietorship**-an unincorporated business owned by one individual
* **Partnership**-the relationship existing between two or more persons who join to carry on a trade or business
* **Corporation**-in forming a corporation, prospective shareholders exchange money, property, or both for thecorporation’s capital stock
* **S Corporation**-It is being run like a corporation, but is generally exempt from federal income tax other than tax oncertain capital gains and passive income
* **Limited Liability Company (LLC)**- can be classified for federal income tax purposes as either a partnership or acorporation, wherein its members are not personally liable for its debts
* **Form 720**-used to report the federal excise taxes; it includes broad categories such as environmental taxes,communications and air transportation taxes, fuel taxes, etc.
* **Form 2290**- used to report federal excise tax on certain trucks, truck tractors, and buses used on publichighways; applies to vehicles having a taxable gross weight of 55,000 pounds or more
* **Form 730**-used to report the acceptance or conducting of a wagering pool or lottery
* **Form 11-C**-used to register and pay the federal government occupational tax on wagering
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| **Materials/Specialized Equipment Needed** | * Lesson 4.1 Presentation
* Instructor Computer/Projection Unit
* Online Websites listed in the References Section
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| **Anticipatory Set**(May include pre-assessment for prior knowledge) | **Ask** What do you think of when you hear or read the term ‘recordkeeping’?**Say** When it comes to recordkeeping and taxes, most people have a basic understanding of personalrecordkeeping. Millions of people have some sort of method they use to keep up with how much money they bring in and how much money they spend. Sometimes they do daily checks, weekly checks, or at least monthly checks on how much money they have in their account (assuming they deposit their money into an account). When it comes to personal recordkeeping, we all have our own unique ways of doing this, but we all have the commonality of keeping track of money coming in and money going out.**Ask** What do you think of when you hear or read the term ‘taxes’?**Say** When it comes to taxes, all of us have had to pay taxes, even if we haven’t ever been employed.We pay all kinds of sales and excise taxes so we have a pretty good understanding of how taxing works. You take the original amount and multiply it by the tax rate then add that number to the original amount. As consumers, we do not often keep up with that kind of information other than through our purchase receipts, but we do understand how taxes are determined and recorded.**Ask** From a personal or business-owner’s perspective, why is recordkeeping important?**Ask** From a business-owner’s perspective, why is recording, reporting, and paying taxes important?**Say** This lesson is going to give you time to research a document freely provided by the InternalRevenue Service to help potential business owners understand what their responsibilities are when it comes to federal taxes. In addition, it gives descriptions and suggestions on how a business may want to set up its recordkeeping system. Your goal in this lesson is to use your time wisely to research, record, and present information found in the IRS publication. |
| **Direct Instruction \*** | 1. Vocabulary/Personal Word Walls2. During the 1st week of school, students will have created personal, possibly electronic, Word Walls. The method and location will be established by the teacher3. Introduction (Ask and Say)4. Specifics are listed in both this document and the presentation5. Discovery Activity- Luca Pacioli- Father of AccountingStudents use a search engine of choice to find and record three pieces of information about Luca Pacioli, other than that he is known as the Father of Accounting. Sample information is included in the notes section of the presentation, slide 56. Information- IRS Publication 583- Starting a Business and Keeping Records (provided)Share with students the IRS document provided (Publication 583-Starting a Business and Keeping Records). Show students how to use the bookmarks or the hyperlinks to get to the sections. Encourage them to use their own words in the presentation rather than copying and pasting from the publication7. AssignmentHave students complete this assignment. Specifics on what to include and suggestions on length of assignment are provided in the lesson presentation and/or the blank template, ‘What New Business Owners Need to Know About Federal Taxes.”8. Review and EvaluationQuestions are provided in the presentation9. ExtensionsActivities are provided in the presentation*Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*None |
| **Guided Practice \*** | **Discovery Activity**Students will conduct an internet search on Luca Pacioli, the Father of Accounting, and report on three facts about him.**Information**Share this information with your students and show them how to locate the file you provide for them, IRS Publication 583-Starting a Business and Keeping Records (.pdf document provided with lesson resources)*Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*None |
| **Independent Practice/Laboratory Experience/Differentiated Activities \*** | **Assignment**Use the provided blank presentation template to research, record, and report on what new business owners need to know about federal taxes.*Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*None |
| **Lesson Closure** | Review the lesson’s purpose and evaluate its effectiveness. |
| **Summative / End of Lesson Assessment \***  | Presentation (template and rubric provided)*Individualized Education Plan (IEP) for all special education students must be followed. Examples of accommodations may include, but are not limited to:*None |
| **References/Resources/****Teacher Preparation** | **Preparation*** Review and familiarize yourself with the terminology, any and all website links, and any resource materials required.
* Prepare materials and websites prior to the start of the lesson.

**References*** Department of the Treasury, Internal Revenue Service. (2011). *Publication 583: Starting a* *business and keeping records*. Retrieved from<http://www.irs.gov/pub/irs-pdf/p583.pdf>
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| **Additional Required Components** |
| **English Language Proficiency Standards (ELPS) Strategies** |  |
| **College and Career Readiness Connection[[1]](#footnote-1)** | **English-English IV*** 110.34(b)(1). Reading/Vocabulary Development. Students understand new vocabulary and use it when reading and writing.
* 110.34(b)(17). Students understand the function of and use the conventions of academic language when speaking and writing. Students will continue to apply earlier standards with greater complexity.
* 110.34(b)(18) Students will write legibly and use appropriate capitalization and punctuation conventions in their compositions. Students are expected to correctly and consistently use conventions of punctuation and capitalization.
* 110.34(b)(19) Students are expected to spell correctly, including using various resources to determine and check correct spellings.
* 110.34(b)(12) Students use comprehension skills to analyze how words, images, graphics, and sounds work together to impact meaning.
* 110.34(b)(22) Students clarify research questions and evaluate and synthesize collected information.
* 110.34(b)(23) Students organize and present their ideas and information according to the purpose of the and research and their audience.
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| **Recommended Strategies** |
| **Reading Strategies** |  |
| **Quotes** |  |
| **Multimedia/Visual Strategy****Presentation Slides + One Additional Technology Connection** |  |
| **Graphic Organizers/Handout** |  |
| **Writing Strategies****Journal Entries + 1 Additional Writing Strategy** |  |
| **Communication****90 Second Speech Topics** |  |
| **Other Essential Lesson Components** |
| **Enrichment Activity**(e.g., homework assignment) | Have students identify the following given they had $100,000 to start a new business:* Which form of business will be used? (Forms of Business)
* When will your tax year start? (Tax Year)
* What accounting method will you use? (Accounting Method)
* What taxes will you have to pay based on your type of chosen business? (Employment Taxes)
* What business expenses will you deduct on your federal income tax return? (Business Expenses)
* What kind of records will you keep, and how long will you keep them? (Recordkeeping)

Identify two local businesses and interview the owners using the same questions asked above. Create a Venn Diagram to compare/contrast the two owners’ responses. |
| **Family/Community Connection** |  |
| **CTSO connection(s)** | Business Professionals of AmericaFuture Business Leaders of America |
| **Service Learning Projects** |  |
| **Lesson Notes** |  |

1. Visit the Texas College and Career Readiness Standards at <http://www.thecb.state.tx.us/collegereadiness/CRS.pdf>, Texas Higher Education Coordinating Board (THECB), 2009. [↑](#footnote-ref-1)