

Teacher Lesson Plan

Module 7: Standard Deduction

Time Frame

One to three class periods

Curriculum Area(s)

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

Purpose

To help students understand the standard deduction and how it affects income that is subject to tax

Objectives

Students will be able to

- Explain how the standard deduction affects income that is subject to tax.
- Identify the factors that determine the standard deduction amount.

Materials

Online

[Student Lesson—Standard Deduction](#)

[Tax Tutorial—Standard Deduction](#)

[Simulation 7A—Completing a Tax Return as a Dependent](#)

[Simulation 7B—Completing a Tax Return Using Married Filing Separately Filing Status](#)

[Assessment—Standard Deduction](#)

[Assessment Solutions—Standard Deduction](#)

Print (PDF)

[Fact Sheet—Standard Deduction](#)

[Teacher Lesson Plan—Standard Deduction](#)

Tax Forms

[Form 1040, U.S. Individual Income Tax Return](#)

Background

The standard deduction reduces the income that is subject to tax. The amount of the standard deduction depends on

- the filing status,
- the age of the taxpayer and spouse,
- whether the taxpayer or spouse is blind, and
- whether the taxpayer can be claimed as a dependent on another taxpayer's return.

Key Terms

adjusted gross income—Gross income reduced by certain amounts, such as a deductible IRA contribution or student loan interest

standard deduction—Reduces the income subject to tax and varies depending on filing status, age, blindness, and dependency.

Opening the Lesson

Hand out Fact Sheet—Standard Deduction. Use the following questions to prompt students to share their knowledge of the standard deduction:

- Why do taxpayers choose a filing status?
In Module 4, students learned that the filing status determines the tax rates used to compute the income tax. For most taxpayers, the filing status is also used to determine the standard deduction. This is important because the standard deduction amount reduces the income that is subject to tax.

Then, explain that this lesson covers the different factors that determine the standard deduction amount.

Note: For students who may want to work independently on this module, refer them to Student Lesson—Standard Deduction.

Developing the Lesson

Direct students to Tax Tutorial—Standard Deduction, and explain that this tax tutorial focuses on the standard deduction. Tell students that they will learn how the standard deduction is determined and how it affects income that is subject to tax. Inform students that they will have an opportunity to see how the standard deduction and exemptions appear on a tax return.

Online Activities

Direct students to Simulation 7A—Completing a Tax Return as a Dependent. Explain to students that by using the information provided they will complete a Form 1040EZ for Monica Lindo, a single taxpayer.

Then, direct students to Simulation 7B—Completing a Tax Return Using Married Filing Separately Filing Status. Explain to students that by using information provided they will complete a Form 1040A for Belinda Russell, a married woman who chooses to file her taxes separately.

Concluding the Lesson

After students have completed Tax Tutorial—Standard Deduction, Simulation 7A—Completing a Tax Return as a Dependent, and Simulation 7B—Completing a Tax Return Using Married Filing Separately Filing Status ask whether they have any questions about the standard deduction. To ensure that they understand the material, ask the following questions:

- What are two factors that might be used to determine the standard deduction?
The standard deduction is determined by filing status, age, whether the taxpayer or spouse is blind, and whether the taxpayer or spouse can be claimed as a dependent on another taxpayer's return.
- Would you rather have a large or small standard deduction?
Large; the larger the standard deduction, the smaller the taxable income.

Assessment

As a final review, summarize the major lesson points. Remind students that the standard deduction reduces the income that is subject to tax and that the standard deduction amount is based on several factors, including filing status, age, whether the taxpayer or spouse is blind, and whether the taxpayer or spouse can be claimed as a dependent on another taxpayer's return. When students are comfortable with the material, have them complete Assessment—Standard Deduction.