

Excellence through Ethics™

Session 1

Welcome to the World of Taxes



High School



Junior Achievement®



Excellence through Ethics
High School
Session 1

Welcome to the World of Taxes

Content: Ethics, Taxes, and the IRS

Methods: Scenarios and Discussion

JA Foundational Pillars: Ethics and Financial Literacy

Contents

Guide for Volunteers and Teachers	3
Student Handout	7-8
Appendix	9-15
Volunteer and Teacher Welcome	9
Program Introduction and Overview	10
Program Acknowledgements	13
<i>Excellence through Ethics</i> Pilot Cities	14
<i>Excellence through Ethics</i> Evaluation	15

Acknowledgements

Sponsorship

JA Worldwide® (Junior Achievement) gratefully acknowledges Deloitte & Touche USA LLP for its commitment to the development and implementation of the supplementary program *Excellence through Ethics*. JA Worldwide appreciates its relationship with Deloitte & Touche USA LLP to develop and implement vital and innovative programs designed to foster ethical decision-making skills.

Welcome to the World of Taxes

Overview

Students learn about the United States income tax system and examine the Internal Revenue Service's basis for requiring all citizens to pay taxes. Students will learn to identify the ethical decisions all taxpayers face.

Objectives

Students will be able to:

- Define taxes and IRS.
- Explain how and why the IRS collects taxes.
- Compare and consider issue of ethics and social responsibility concerning payment of taxes.

Preparation

Review the activity. Prepare the necessary copies and session materials.

Group work is incorporated into this session. You may consult with the teacher to determine how best to form the groups.

Post Key Terms and definitions in a visible place.

- **Taxes:** A payment imposed upon persons or groups for governmental support.
- **Internal Revenue Service (IRS):** The U. S. government agency responsible for tax collection and tax-law enforcement.
- **Ethics:** The standards that help determine what is good, right, and proper.
- **Ethical:** Acting upon the standards that help determine what is good, right, and proper.
- **Unethical:** Acting against the standards that help determine what is good, right, and proper.

Recommended Time

This session typically takes 45 minutes to complete. Ask the teacher to help you keep track of time.

Materials

- Tax Temptation Scenarios (1 per student)
- Pens or pencils (1 per student)

Presentation

Introduction (5 minutes)

Greet the students.

Explain to students that if they have not yet entered the world of paying income taxes, they will soon. Most adults are required to file a tax return and may be subject to criminal prosecution if they do not. It is considered everyone's civic duty to pay taxes.

Activity

The IRS and Taxes (10 minutes)

The Internal Revenue Service (IRS) collects taxes for the government to use on behalf of the people who are governed. The federal government uses tax dollars to support Social Security, health care, national defense, community development, education, and social services such as food stamps and housing. Many services are offered to citizens that could not be managed effectively under any other system.

A percentage of income tax is usually taken directly out of paychecks. The percentage of “withholding”—meaning the amount of money for taxes withheld from a paycheck – is dependent upon how many withholding allowances a person claims on their W-4 form, which most working people receive and complete upon employment.

At the end of each year, most working people are required to file a tax return before the following April 15. The U. S. tax system is based on our “ability to pay”; the more money earned, the more one must pay; whereas the less money earned, the less taxes paid.

Once the amount of taxes owed is determined, taxes withheld per paycheck are deducted. At this point, some people owe money, while others receive a refund, because extra money was withheld from their paychecks during the year. Provide examples.

Unfortunately the tax system is not yet perfected. There are vague areas or “loopholes” that some people may use to their advantage – some unknowingly, and others intentionally.

Pose the following questions:

- The IRS has strict tax laws in place. Should there ever be exceptions based on a person’s circumstances?
- Can someone meet the exact letter of the law and still be unethical? In other words, is there a difference between illegal and unethical?

Ask students to keep these questions in mind during the following activity.

Activity

The IRS and Taxes (25 minutes)

Divide the class in half for the activity. If possible, have each half turn their desks to face the other.

Define the following Key Terms for students:

- **Taxes:** A payment imposed upon persons or groups for governmental support.
- **Internal Revenue Service (IRS):** The U. S. government agency responsible for tax collection and tax-law enforcement.
- **Ethics:** The standards that help determine what is good, right, and proper.
- **Ethical:** Acting upon the standards that help determine what is good, right, and proper.
- **Unethical:** Acting against the standards that help determine what is good, right, and proper.

Explain that you will read three scenarios in which taxpayers are faced with legal and ethical decisions. For each scenario, assign half the class to represent the IRS and the other half represent the person who

wants to evade tax payment. Students should provide clear rationale for the side they represent, as well as the possible consequences of each scenario.

Distribute Tax Temptation Scenarios. Read each scenario aloud and facilitate a structured debate. After reading the scenario, assign half of the class to support the decision, the other half to oppose it. Use probing questions to guide the students toward providing sound reasoning to support their arguments.

As the debate concludes, discuss both sides of the issue, along with potential legal and ethical implications.

Ask students to gauge their own ethical standpoint on each scenario based on their discussion, then have them place an “X” on the gauge to indicate how ethical they rate the decision. Facilitate a short discussion allowing volunteers to share their thoughts with the class. Encourage students to avoid harsh judgment of classmates, as everyone is permitted to express their own ethical standpoint.

Repeat this process for the remaining scenarios.

As you complete the discussions, debrief with the following questions:

- How do you decide how ethical actions are?
- What considerations should be addressed in order to make the most ethical decision?
- Is it okay for someone in financial hardship to “take advantage” of the system?
- Is it more acceptable for the individual in need of extra money than the large company to cheat on their taxes? Why? Why not?

Guide this discussion toward considering outcomes and consequences (both positive and negative) in all aspects of the situation to help you make the best ethical decision possible.

Ask the following questions again: “The IRS has strict tax laws in place. Should there be exceptions based on individual circumstance?” “Can someone meet the exact letter of the law and still be unethical? In other words, is there a difference between illegal and unethical?”

Allow students to come to their own position on this issue.

Summary and Review (5 minutes)

Review what income taxes are and why they exist. Discuss the fact that it is often easy to understand a taxpayer in need of extra money, but people must also consider that the government is in need of tax money as well. Without tax money, many programs would be unavailable for those who need them. These programs are there to support the taxpayer.

Remind them to be ethical taxpayers as they move into the world of income taxes.

Thank students for their participation.

Session Outline

Introduction

- Greet the students.
- Explain what income taxes are and why they exist: funding for many government programs.
- Describe the legal and ethical responsibility of citizens to file returns honestly.

Activity

- Split the class in half. Distribute the Tax Exemption Scenarios to all students. Read the scenarios one at a time and facilitate a debate. Ask half of the class to support the decision made by the characters in the story and the other half to oppose it.
- At the end of the debate, ask the student to rate the taxpayers' actions. Allow volunteers to share responses and rationales.

Summary and Review

- Review what income taxes are and why they exist.
- Remind students that everyone has an ethical obligation to pay income taxes honestly, regardless of their financial status.
- Thank the students for their participation.

Tax Temptation Scenarios

Sally

Sally is a single mother of a five year-old daughter. She’s been working at a low-paying job for over a year, during which time she started a small jewelry-making business from her home. She’s deep in debt, has no medical coverage, and her rent is past due. She’s been trying to put on a positive front for her daughter, but she is now at a low point. Taxes are due, and Sally has not filed her tax return. She’s worried she may owe money because she opted to have the least amount of withholding possible per month; she desperately needed the extra money to make ends meet. Sally sits down with her friend Lori, who volunteered to help complete the return. As Lori begins to itemize Sally’s expenses, she asks her several questions about her jewelry business and explains that although it made little money last year, Sally can “write off” the money spent for the business. “Sally,” Lori says, “think of all the purchases you made for the business, even gas money.” Sally tries to remember; it has been quite a while. “Look, just think of anything,” Lori says, “make something up. A computer? Any office supplies? Cable TV? I can plug in anything that makes sense. The government won’t miss a few hundred bucks with the billions they make.”

Sally’s Tax Ethics:

ethical.....unethical

Explain your response:

Ron

Ron has been using the same landscaper for two years. He has gotten to know Nelson and his entire family very well, and he has always been pleased with his work. One day, Nelson approached Ron and told him that he would prefer being paid in cash only because of his family situation. His wife has been ill, and they are having a hard time paying for the medication she needs to get well. He tells Ron that the amount of money they could save by not paying taxes for a few months could really help out the family. It is already October, and Ron knows Nelson has paid taxes on the income he has made all of the other months. He appreciates Nelson’s candor and decides to pay him in cash for the landscaping, giving him an extra tip to help out his wife.

Ron’s Tax Ethics:

ethical.....unethical

Explain your response:

Sue

Sue manages the finances for a large corporation. As she was preparing the files for tax time, she noticed a loophole in one of the tax laws; the company’s tax payments could be reduced almost 70 percent if they were to have an official address outside the United States in which official business is conducted. There was no need for the company to start an entire new business line abroad. Sue’s solution was to “move” a small division of the company’s mail department to a tiny town in Thailand. It could easily be arranged for the mail to be collected and shipped back to the States weekly with an official foreign address. Sue tells her boss about the idea, and with his approval, she sets up a post office box in Thailand. Sue feels proud that she helped her company save thousands of dollars.

Sue’s Tax Ethics:

ethical.....unethical

Explain your response:

Appendix

Welcome to Junior Achievement's

Excellence through Ethics

As a Junior Achievement (JA) volunteer or teacher, you are joining other teachers and volunteers from across the United States in providing students with a unique educational experience. Junior Achievement's *Excellence through Ethics* offers students learning opportunities to share knowledge and information regarding ethics in business. JA strives to show students how business works, and to better evaluate organizations that conduct their operations in the right way.

Excellence through Ethics is designed to equip volunteers and teachers with supplemental, ethics-based activities for use with JA in-class programs for grades four through twelve. All these activities provide students with current and essential information about business ethics.

These activities are designed to reinforce students' knowledge and skills, teach them how to make ethical decisions, assist them in learning to think critically, and help them to be better problem-solvers. All the activities are hands-on, interactive, and group-focused to present the material to students with the best instructional methods.

Within these supplements, you will find sections to help you effectively implement the activities in your volunteer experience. Materials include: (a) an introductory discussion of business ethics, marketplace integrity, and the growing capacity of students for ethical decision-making; (b) activities and student materials that connect to and expand current classroom-based Junior Achievement programs; and (c) a functional glossary of terms relating to a wide spectrum of ethics, quality, service, and social responsibility considerations in business.

JA greatly appreciates your support of these important and exciting activities. If you have comments about the *Excellence through Ethics* program content, curriculum, and/or instruction, please access <http://studentcenter.ja.org.aspx/LearnEthics/> and choose the "*Excellence through Ethics* Survey" link located in the middle of the page.

Appendix

Introduction and Overview

- *How do I do the right thing in this situation?*
- *Should I be completely honest, even if it puts others in jeopardy?*
- *What kind of community do we want to be?*
- *How do we do what's best for the long term?*
- *Who should cover the cost of "doing the right thing"?*

These are all questions having to do with business ethics. They are valid and necessary questions, and good business people have asked them for generations. They form the backdrop of vital discussions as business, community, and political leaders grapple with significant issues. Many students would ask these questions, even if Junior Achievement hadn't developed this ethics curriculum.

Business Ethics Discussions Are Here To Stay

Business ethics has been in the spotlight for much of the past decade, especially as examples of wrongdoing come to light in the media. New technologies and international competitive pressures cause a steady focus on the question, "Is it possible to be competitively successful in business today and still operate in an honest and ethical manner?" The past decade has seen individuals search for deeper personal meaning in the workplace, which has contributed to lively ethics discussions in the business realm. For these reasons, the discussion of business ethics is not a passing fad; it's here to stay.

Many graduate schools of business have either required ethics coursework or integrated ethics principles throughout all areas of study. That is commendable. We believe this vital area of exposure and instruction also should happen at earlier ages and continue throughout the students' educational journey. Many of today's students haven't had access to a well-rounded education in economics and free enterprise or have come to see these in a very negative light. They have limited awareness of the extent to which good business leaders engage in the challenging exercises of ethical decision-making amid heavy competitive pressures. As students learn the general principles of economics and business, it's critical that these be underpinned with a strong foundation in ethics. This will accentuate the best in American business traditions, while laying the groundwork for students' continued evolution into future generations of leaders.

Integrity in the Marketplace?

Many adults and young people choose to believe that the marketplace is driven only by greed. They view it as bringing out only the worst in human behavior, demoralizing the human spirit, and driving out any sense of idealism. While elements of greed and extreme self-interest among some individuals cannot be denied, solid research has shown time and again that companies with a long-term focus on ethics and a broad consideration of stakeholders' interests are much more profitable than those lacking such a focus.

James A. Autry, in his book *Love and Profit: The Art of Caring Leadership*, said it well: "I do not doubt the presence of greed in the marketplace because I do not doubt the presence of greed in people. But, I also do not doubt the ennobling aspects of work, of the workplace, of the community, of endeavor, of

Appendix

the marketplace. So I choose to believe that most of the marketplace is driven by people who want to do good work for others and for themselves.”

Excellence through Ethics accepts the challenge of educating youth in the basics of economics and business while establishing a positive balance on the side of well-informed, ethical business practice. This may appear to place a heavy burden on Junior Achievement volunteers, who are not trained ethics experts. The following informational pages will not turn you into an ethics expert. That’s not what we’re striving for here. What students need most is meaningful interaction with people who are willing to engage in a discussion of these vital issues.

Lively Practitioners Rather Than Dry Theorists

This program is more about day-to-day ethics practice than the nuances of ethics theory. Some believe that working in business requires a disconnect from one’s personal ethics. We do not believe this is the case. Students need to know that what they learn about fairness and honesty in general also applies to business. While business ethics may address some specific areas of business practice, it’s not a separate and distinct specialty to be set apart from the general ethical principles that apply in other areas of life. Young people need to encounter the wisdom of age and experience that volunteers bring to the classroom.

Students’ Growing Capacity for Ethical Decision-Making

Excellence through Ethics is designed to foster discussions at the appropriate level for each age group. The curriculum developers have designed the ethics activities with sensitivity to student’s mental maturity. At the late elementary and middle-grades levels, students’ capacities for ethical reasoning tend toward good personal behavior as determined by adult rules and authority. In relationships, personal trust, loyalty, and respect are of paramount importance. For these students, corporate ethical behavior is viewed in much the same light as their own personal behavior: it’s governed by rules.

As students advance into high school, their ethical decision-making moves into the larger arena of social contracts and systems that guide and govern societal and group behavior. Here the rationality and utility of laws are scrutinized, as students become more capable of higher-ordered, principled thinking. Students are increasingly aware of the diversity of values among different cultures and communities. At this level, students’ capacities for processing the complex, ethical dilemmas that may be encountered in business are greatly enhanced.

You will gain confidence as you come to realize that conducting a robust, provocative discussion with students is more important than “having the right answer.” The activities have been designed to leave room for lively discussion and multiple points of view. Having the courage to share your own experiences is very valuable to students.

Appendix

You don't have to apologize for the excesses students may see in business. Don't assume responsibility for actions that are not your own, and do not try to defend the indefensible. While accentuating the fact that most businesses operate ethically, it's okay to scrutinize the unethical players in the marketplace who give business in general a bad name.

Continuing Education

Teaching this material to students will no doubt strengthen and enhance your own ethics awareness and continuing education. Some students will challenge your best reasoning capacities. Having your own support network of professional colleagues with whom you can share and discuss some of these issues is very valuable. It's also helpful to seek out colleagues with philosophical views that differ from your own. This serves as a valuable "cross-pollination" function because you will be able to understand and discuss a variety of views with students, as well as share students' perspectives with your colleagues. In this way, everyone learns.

Finally, please be assured that your contributions here have tremendous value to students and will serve to upgrade business ethics in the future. We're dealing with the future generation of leaders in their formative years. We can take pride in the fact that we've had a hand in shaping the very people who will be responsible for business ethics and social responsibility in the future.

Appendix

Acknowledgements

Many educators, economists, businesspeople, and consultants have contributed to the development of *Excellence through Ethics*. We would like to acknowledge the following individuals and groups for their efforts, creative talents, and support in creating these materials:

Deloitte & Touche USA LLP

Junior Achievement Blue Ribbon Panel on Ethics

Charles E. Abbott, Director, Ethics and Compliance, Textron Inc.

James D. Berg, Director, Ethics and Business Practice, International Paper

Arthur P. Brief, Ph.D., Lawrence Martin Chair in Business, Director of Burkenroad Institute, A.B. Freeman School of Business, Tulane University

Frank Daly, Corporate Director of Ethics and Business Conduct, Northrop Grumman Corporation

Gary L. Davis, Executive Vice President, Chief Human Resources and Administration Officer, J.C. Penney Company, Inc.

Jacquelyn Gates, President and CEO, SOARing LLC

Patrick J. Gnazzo, Vice President Business Practices, United Technologies Corporation

Frances Hesselbein, Chairman, Leader to Leader Institute (formerly the Peter F. Drucker Foundation)

Evelyn Howell, Executive Director, Business Practices & Compliance, Sara Lee Corporation

William A. McCollough, Ph.D., Director, Business Ethics Foundation and Research Center Administration, Warrington College of Business, University of Florida

John H. O'Byrne, Vice President, New York Life Insurance Company

John Pepper, Chairman, Executive Committee of the Board, The Procter & Gamble Company

Eric Pressler, Director of Legal Compliance and Business Ethics, PG&E Corporation

Jack Robertson, Ph.D., Charles T. Zlatkovich Centennial Professor in Accounting, Department of Accounting, University of Texas–Austin (retired)

Harold Tinkler, Chief Ethics Officer, Deloitte & Touche LLP

Appendix

Excellence through Ethics Writers and Consultants

Ron Ausmus, Integrity Associates

Susan Dilloway

Karen D. Harvey, Ed.D., Educational Writer and Diversity Curriculum Consultant

Insight Education Group

Motion Picture Association of America Public Relations Council

Dave Somers, Owner of Brevity; Adjunct Professor, DeVry University

Excellence through Ethics Junior Achievement Pilot Offices

JA of Arizona, Inc.

JA of Central Carolinas, Inc.

JA of Central Michigan, Inc.

JA of Central Ohio, Inc.

JA of Central Texas, Inc.

JA of Chicago

JA of Columbia Empire, Inc.

JA of Dallas, Inc.

JA of Georgia, Inc.

JA of Greater Baton Rouge & Acadiana

JA of Middle America, Inc.

JA of Middle Tennessee, Inc.

JA of Mississippi Valley, Inc.

JA of New York, Inc.

JA of Northern New England, Inc.

JA of Owensboro, Inc.

JA of Rhode Island, Inc.

JA of Rocky Mountain, Inc.

JA of Southeast Texas, Inc.

JA of Southeastern Michigan, Inc.

JA of Southern California, Inc.

JA of The Bay Area, Inc.

JA of The Heartland, Inc.

JA of The National Capital Area, Inc.

JA of The Upper Midwest, Inc.

JA of West Texas, Inc.

JA of Wisconsin, Inc.

Appendix

Excellence through Ethics Evaluation

Junior Achievement has discontinued all paper versions of program surveys. However, we greatly appreciate your comments and feedback about *Excellence through Ethics*. Please help us improve the quality of *Excellence through Ethics* by sharing your comments through our new online survey process. The online survey should take less than 10 minutes to complete.

If you have comments about the *Excellence through Ethics* program content, curriculum, and/or instruction, please access <http://studentcenter.ja.org/aspx/LearnEthics/> and choose the *Excellence through Ethics* Survey link located in the middle of the page.

Thank you for participating in JA!



Excellence through Ethics Volunteer Survey

1. Including this session, how many individual sessions of Excellence through Ethics have you presented? _____

2. Do you feel that the students were engaged through this session?
 - A. Not at all
 - B. Somewhat engaged
 - C. Engaged
 - D. Very Engaged
 - E. Unsure

3. Do you feel the session was relevant to students?
 - A. Not relevant
 - B. Somewhat relevant
 - C. Relevant
 - D. Very relevant
 - E. Unsure

4. Do you feel students are more prepared to make ethical decisions after participating in this session?
 - A. Significantly more prepared
 - B. Somewhat more prepared
 - C. Somewhat less prepared
 - D. Significantly less prepared
 - E. Unsure

5. On a scale of 1 to 10 (10 being excellent), how would you rate the overall quality of the Excellence through Ethics session? _____

6. After this JA experience, how likely are you to volunteer for JA again?
 - A. More likely to volunteer
 - B. Less likely to volunteer
 - C. No more or less likely to volunteer
 - D. Unsure

7. What comments or suggestions do you have regarding the overall session (including format, content, etc.)?

Optional: City _____

State _____ Country _____

Email _____

Excellence through Ethics Student Survey

1. What grade are you in? _____

2. Please fill in the circle that best describes how you feel about the following statements.
There is no right or wrong answer.

	Strongly Disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
This topic is very important.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am able to apply what I learned in this session to the real world.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The activities were interesting.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I learned something about ethics from this session.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Do you feel more prepared to make ethical decisions after participating in this session?

- A. Significantly more prepared
- B. Somewhat more prepared
- C. Somewhat less prepared
- D. Significantly less prepared
- E. Unsure

4. I saw someone at my job taking money from the cash register, I would:

- A. Ask someone I trust what I should
- B. Tell a supervisor
- C. Talk to the person taking the money
- D. Do nothing
- E. Not sure

5. To help us better understand who you are, please answer the following questions: How do you describe your ethnicity (family background)? (Fill in all that apply)

- A. African American
- B. Asian American
- C. Latino (a) or Chicano (a)
- D. European American (white)
- E. Native American
- F. Other – how do you identify yourself? _____

6. Do you have any additional comments regarding this session?

Optional: City _____ State _____ Country _____