

14 Taxes

Corporate tax

Sales tax

Property tax

Excise tax

Value-added tax

UNITED STATES

Internal Revenue Service

IRS

excise tax

WE WILL GET IT DONE. WE WILL GET IT RIGHT. WE WILL HELP YOU GET ON WITH YOUR LIFE.

That's the promise of Calvin Dean and Associates. We **specialize** in tax accounting. Our experienced accountants help you with all your tax accounting needs:

- **Corporate tax**
- **Sales tax**
- **Property tax**
- **Excise tax**
- **Inheritance tax**
- **Value-added tax**

In addition to individual and corporate accounting, we also offer income tax preparation services. We assist you in filling out your **tax forms**. Then we will **file** them with the **IRS** at no additional charge. Call today to make an appointment.

Get Ready!

1 Before you read the passage, talk about these questions.

- 1 What are some different types of taxes?
- 2 How do accountants help with taxes?

Reading

2 Read the advertisement from an accounting firm. Then, mark the following statements as true (T) or false (F).

- 1 ☐ The firm works with both individuals and corporations.
- 2 ☐ The company does not fill out tax forms.
- 3 ☐ There is an additional fee for filing with the IRS.

Vocabulary

3 Match the words (1-5) with the definitions (A-E).

- 1 ☐ corporate tax
- 2 ☐ property tax
- 3 ☐ file
- 4 ☐ sales tax
- 5 ☐ inheritance tax

- A money that businesses pay to a government
- B money that is paid to a government after a person dies
- C a fee that local governments charge owners of real estate
- D a fee that governments charge when goods are sold
- E to submit documents to a government agency

4 Fill in the blanks with the correct words and phrases from the word bank.

word BANK

value-added tax specialize
IRS excise tax tax forms

- 1 In addition to paying taxes, people also have to file _____.
- 2 The _____ is the U.S. agency in charge of taxation.
- 3 Accountants sometimes _____ in a certain type of accounting.
- 4 _____ is a fee for producing products like fuel and tobacco.
- 5 _____ is charged at each step in the manufacturing process.

- 5 Listen and read the advertisement again. Which area is Calvin Dean and Associates dedicated to?

Listening

- 6 Listen to a conversation between an accountant and her client. Choose the correct answers.

- 1 What is the dialogue mostly about?
A selling materials
B increasing sales tax
C describing new taxes
D explaining a type of tax
- 2 Value-added tax
A adds value to products
B was replaced by sales tax
C has not been adopted in the USA
D is applied when final products are sold

- 7 Listen again and complete the conversation.

Accountant: How are you today, Mr. Jackson?

Client: I'm good. Could you 1 _____ something for me?

Accountant: Sure. What is it?

Client: Well, I 2 _____ what value-added tax is.

Accountant: It's like sales tax. When a company sells 3 _____ or parts to another, they pay a tax.

Client: So, does that 4 _____ my company?

Accountant: No. You only 5 _____ in the United States, which hasn't adopted a value-added tax yet.

Client: Oh, I see. So that's not something I need 6 _____.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then switch roles.

USE LANGUAGE SUCH AS:

Could you clarify something for me?

I have no idea what ... is.

It's ...

Student A: You are talking to an accountant. Talk to Student B about:

- value-added tax
- how it works
- if it applies to you

Student B: You are an accountant. Answer Student A's questions.

Writing

- 9 Use the conversation from Task 8 to fill out the email. Make up a name for the accountant.

FROM: Donald Benton, Manager
RE: value-added tax

What is value-added tax? Does it apply to us?

DB

[reply]

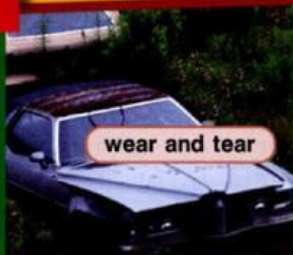
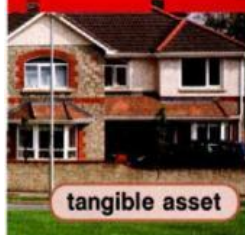
FROM: _____, Accountant

Mr. Benton,

Value-added tax is _____

Cordially,

15 Depreciation



obsolescence

obsolescence



straight-line
depreciation



accelerated
depreciation

MEMORANDUM

From: Bill Anderson

To: All Staff

Good morning team! I want to offer the best service to our clients. To do that, we need to review **depreciation**. There are two **depreciation methods**. We must consider each client's needs when deciding which to use.

Straight-line depreciation evenly decreases the value of a **depreciable asset** through the entire **recovery period**.

Accelerated depreciation accounts for more **wear and tear** during the first years of a **tangible asset's** use.

Each **depreciation schedule** is useful. Both end with the same **salvage value**. Depreciate assets like cars, that go through a lot of wear and tear with the accelerated method. Depreciate assets, like computers, that suffer **obsolescence** with the straight-line method.

Get Ready!

1 Before you read the passage, talk about these questions.

- 1 What are some assets that lose value quickly?
- 2 What are some assets that are eventually worth nothing?

Reading

2 Read the memo from a partner in an accounting firm. Then, choose the correct answers.

- 1 What is the passage mainly about?
 - A avoiding obsolescence
 - B decreasing wear and tear
 - C buying salvaged property
 - D accounting for changing value
- 2 The straight-line method is used to depreciate assets
 - A that suffer obsolescence
 - B during their first few years
 - C that experience wear and tear
 - D with unpredictable salvage value
- 3 Accelerated depreciation
 - A prevents obsolescence
 - B decreases value evenly
 - C expands the recovery period
 - D accounts for damage from use

Vocabulary

3 Match the words (1-6) with the definitions (A-F).

- 1 — depreciation
- 2 — recovery period
- 3 — salvage value
- 4 — tangible asset
- 5 — depreciation method
- 6 — wear and tear

- A a physical object that holds value
- B the process by which assets lose their value
- C what an asset is worth after losing value
- D the time in which depreciation is accounted for
- E the way in which an asset's loss of value is recorded
- F damage that occurs through normal use

- 4 Fill in the blanks with the correct words and phrases from the word bank.

Word BANK

straight-line depreciation
accelerated depreciation depreciable assets
obsolescence depreciation schedule

- 1 Use _____ with the car; it loses value quickly in the first years.
- 2 Use _____ to reduce value at a steady rate.
- 3 How an asset loses value determines what _____ should be used.
- 4 Most objects that hold value, except real estate, are _____.
- 5 Electronic assets like computers and cell phones suffer _____.

- 5 Listen and read the memo again. What is meant by the term depreciation?

Listening

- 6 Listen to a conversation between an accountant and her client. Mark the following statements as true (T) or false (F).

- 1 ___ The man recently sold an air conditioner.
- 2 ___ The woman recommends straight-line depreciation.
- 3 ___ Straight-line depreciation is the most complicated method.

- 7 Listen again and complete the conversation.

Accountant: Hello, Tony. What can I do for you?

Client: Well, I 1 _____ a new air conditioner. Is it an expense or a depreciable asset?

Accountant: An air conditioner? That's a depreciable asset.

Client: OK. So, I need to 2 _____ depreciation to keep my books 3 _____.

Accountant: Right. Which depreciation schedule do you want to use?

Client: I don't know. I want something simple and easy.

Accountant: 4 _____ using the straight-line method? That's the 5 _____.

Client: That 6 _____ to me.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then switch roles.

USE LANGUAGE SUCH AS:

I bought a ... is it an expense or ...

Which depreciation schedule do you ...?

How about using the ...?

Student A: You are calling an accountant. Talk to Student B about:

- a purchase
- depreciation schedules
- which to use

Student B: You are an accountant. Answer Student A's questions.

Writing

- 9 Use the memo and the conversation from Task 8 to fill out the letter to a client. Make up names for the client and accountant.

Dear _____

I received your request for information about depreciation. Here are some details about depreciation and the different depreciation schedules that you can use.

Cordially,

_____, CPA