

# 14 Taxes

**UNITED STATES**

**Internal Revenue Service**

**IRS**

**excise tax**

**Corporate tax**

**Sales tax**

**Property tax**

**Excise tax**

**Value-added 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

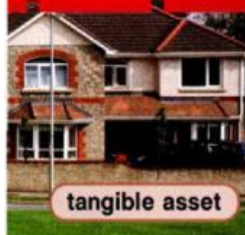
Mr. Benton,

Value-added tax is \_\_\_\_\_

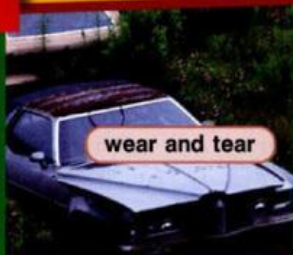
Cordially,



# 15 Depreciation



tangible asset



wear and tear



salvage value

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