TEACHING THE INCOME TAX FORMULA THROUGH HISTORICAL COMPARISON

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Abstract

The first chapters of textbooks designed for instruction of the introductory individual U.S. Federal income tax course may include a brief history on the development of the income tax. Textbooks may also include reproductions of the tax forms needed by taxpayers to comply with the tax law. This paper provides instructors with the resources to expand this historical discussion with a forms-based project. Time is an issue for most tax faculty. However, the comparative exercise suggested in this paper can be assigned in a 50-minute introductory tax class or as a take-home assignment. The suggested exercise has been completed by more than 1,000 students at our university over the last twenty years.

INTRODUCTION

According to Cooper and Morgan [2008] case study research may answer “how” or “why” questions so compellingly and vividly that readers understand and remember the findings [p. 160]. They suggest that “how” questions are particularly relevant to practitioners describing the details of accounting innovation. Our case study requires students to compare how taxpayers have reported their taxes at two points in time a century apart. The details of the forms, especially the forms from the earlier time periods, reflect not only how taxpayers reported their taxes, but also how they lived their daily lives. For example, the Internal Revenue form for filing in 1865 lists buggy wagons not used in husbandry as taxable articles; and the instructions addressed to farmers is the longest item in the set of instructions accompanying the form for filing for 1913.

Textbooks designed for instructing the individual U.S. Federal tax course often include a brief history on the development of the income tax [e.g. Cruz et al. 2013, p. 1-2; Spilker et al. 2014, p. 1-12]. Textbooks may also include reproductions of tax forms within the chapters or as an appendix [e.g. Pratt and Kulsrud 2012, Appendix B]. This paper provides tax instructors with additional resources to develop the historical component of their classes with the use of current websites and tax forms from earlier centuries, specifically the years 1865 and 1913. The comparative exercise based on forms used a century apart reinforces the current computation of the income tax.

The right of the government to impose an income tax directly on its citizens was achieved with the ratification of the Sixteenth Amendment to the Constitution in 1913. When completing the exercise in our project, students compare the details and structure of the
form used for reporting for 1913 with the current U.S. Form 1040. Comparing and contrasting the details of these two sets of tax forms requires students’ critical evaluation and reinforces our students’ understanding of the individual income tax formula within an historical context.

In developing this historical component in their own classrooms, tax instructors may apply a wide range of approaches. For example, instructors in an elective course may have more time to devote to the topic than instructors pressed to cover foundation topics in the introductory tax class. The degree of adoption can range from instructors who choose to assign students readings from the websites noted in this paper to instructors who simply choose to conduct the active, comparative “think/pair/share” exercise as a 50-minute stand-alone project. The stand-alone project has been administered to more than 1,000 students in our program over the last twenty years.

WHERE TO FIND HISTORICAL FACTS ON LINE

Finding resources on line is, of course, relatively easy with various search engines. Some of the sites we have found useful are briefly described in the following paragraphs and cited within the reference subsection.

The income tax in the United States was introduced in 1861 and collected for the first time in 1862. The letter dated January 3, 1862, from Treasury Secretary Salmon P. Chase to President Lincoln recommending the first Internal Revenue Service Commissioner is reproduced at the Library of Congress website. This site also identifies relevant print and additional Library of Congress resources under the title “History of the U.S. Income Tax,” including a link to the form used for filing taxes after the Sixteenth Amendment to our Constitution. At the time of writing, the historical tax form is most easily accessed directly as part of the 100 milestone documents published by a joint effort at http://OurDocuments.gov. by clicking successively on the 100 milestone document link, 16th Amendment to the U.S. Constitution 1913 link, and Image 2.

A site developed by the U.S. Treasury Department also offers useful resources for instructors when creating a module to enhance the standard undergraduate tax curriculum. The Internal Revenue Service website provides a ready-made lesson plan (identified as Theme No. 2) for teaching tax history, including slides and instructional worksheet.

In addition to these government-provided sites, we recommend the “Tax Museum” project by Tax Analysts as a comprehensive site. This web-based collection presents historical forms and narrative for the express purpose of providing information about the history of American taxation to scholars, students (suitable for graduate level study), and others. The Tax Analysts’ website has been reviewed by Susan Anders in an article entitled “Website of the Month: Tax History Project” published in The CPA Journal [2007].
As reflected in the chronology of events reported by these sites, the history of the U.S. tax system is long and complex. In the following paragraphs, we provide a synopsis of some significant historical facts we gleaned from these sites and other sources which we believe are useful when explaining the evolution of the income tax to students in a compressed timeframe.

**Brief History**

As detailed in the U.S. Treasury’s Department “History of the U.S. Tax System” (retrieved from http://www.politicalmanac.org/economic/archive/tax_history.shtml), tax systems, including our own, respond to many influences, including the developing complexity of the economy, war, and the changing role of government. The simplest tax system levies a poll (head) tax. During colonial times, the middle colonies at times imposed such taxes on adult males. The New England colonies relied more on excise, occupation, and real estate taxes while the southern colonies primarily taxed imports and exports. Under the U.S. Articles of Confederation adopted in 1781, each state was sovereign and entitled to levy taxes.

As described at the Tax Analysts’ website, the U.S. Federal Government imposed the first direct tax on the owners of houses, land, slaves and estates during the confrontation with France in the 1790’s. Thomas Jefferson abolished direct taxes in 1802, and for the next ten years the Federal Government relied on excise taxes. Custom duties on imports and a few excise taxes provided sufficient Federal revenues in the U.S. until the financial demands of conducting the Civil War. After the war, during the period from 1868 to 1913, almost 90 percent of all Federal tax revenue was collected from excise taxes.

The U.S. Treasury’s educational website, as well as the Tax Analysts’ Tax Museum site, describes Pennsylvania’s response to one such excise tax on whiskey. In 1794 a group of Pennsylvania farmers opposed the tax on whiskey. Labeled the “Whiskey Rebellion,” President George Washington sent Federal troops to enforce the national law. By sending troops, the U.S. government demonstrated to the states its intention to enforce federal revenue laws.

In addition to excise taxes on specific transactions, such as the sale of whiskey, national tax systems usually evolve to include customs on imports that protect developing domestic industries [McCarthy, 1974, p. 2]. In the 1850s, 92 percent of U.S. government revenues were derived from customs duties imposed on imports [Weisman, 2002, p. 14].

Eventually, developed economies may institute an income tax, often followed by death duties and social security taxes [McCarthy, 1974, p. 2]. An income tax was instituted in England in 1799, and some of the individual states in the U.S. had begun income tax assessment by the 1840s [Weisman, 2002, p. 32]. In early America, tensions between the national government and individual states guarding their independence acted to hold back the development of a national tax system [McCarthy, 1974, p. 3].
The first national income tax was enacted in 1861 [Spilker, p. 1-12]. Most laborers found themselves exempt from the income tax because their income did not pass the threshold of $800 (later reduced to $600). During the ten-year period during and after the Civil War, the income tax would generate $376 million [Weisman, 2002, p. 101]. The sale of war bonds was introduced with a sales force of 2500 agents, and 25 percent of U.S. families invested in the war effort. For this detail, as well as a history of the tax system of the Confederacy, please access the Tax Analysts’ Museum website.

The Internal Revenue Act of 1862 continued to emphasize the role of excise taxes in the federal tax framework. As described at the Tax Museum site, on July 1, 1862, Congress passed new excise taxes. The act instituted or increased the rate of assessment on the sale of many objects, including carriages, yachts, billiard tables, and gold jewelry. Certain advertisements and professional licenses were taxed, as well. These rates were increased again by Congress in 1864. A list of taxable items as they appear in the form for annual reporting in 1865 appears in Exhibit 1. The nature of the assets on the list – carriages, pianofortes, billiard tables -- provides a window into daily life in 1865.

<table>
<thead>
<tr>
<th>No.</th>
<th>TAXABLE ARTICLES</th>
<th>RATE</th>
<th>AMOUNT OF TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Carriages, pig, chaise, phaeton, wagon, buggy wagon, carryall, rockaway, or other like carriages, and any coach, hackney coach, omnibus, or four-wheeled carriage, the body of which rests upon springs of any description, which is kept for use, for hire, or for passengers, and which is not used exclusively in husbandry or in the transportation of merchandise, valued at fifty dollars and not exceeding one hundred dollars, including harness used therewith</td>
<td>$1.00</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Carriages of like description valued at above one hundred dollars and not above two hundred dollars</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Carriages of like description valued at two hundred dollars and not above three hundred dollars</td>
<td>3.00</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Carriages of like description valued at above three hundred dollars and not above five hundred dollars</td>
<td>5.00</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Carriages of like description valued at above five hundred dollars</td>
<td>10.00</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Gold watches, composed wholly or in part of gold or gilt, kept for use, valued at one hundred dollars or less</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Gold watches, composed wholly or in part of gold or gilt, kept for use, valued at above one hundred dollars</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Pianofortes, organs, melodeons, or other piano musical instruments kept for use, not including those placed in churches or public editions, valued at not less than one hundred dollars and not above two hundred dollars</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Valued at above two hundred dollars and not above four hundred dollars</td>
<td>4.00</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Valued at above four hundred dollars</td>
<td>6.00</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Yachts, pleasure or racing boat, by sail or oar, measuring, by custom-house measurement, ten tons or less</td>
<td>5.00</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Exceeding ten and not exceeding twenty tons</td>
<td>10.00</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Exceeding twenty and not exceeding forty tons</td>
<td>25.00</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Exceeding forty and not exceeding eighty tons</td>
<td>50.00</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Exceeding eighty tons and not exceeding one hundred and ten tons</td>
<td>75.00</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Exceeding one hundred and ten tons</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Billiard tables kept for use, and not licensed</td>
<td>15.00</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Or, plate of gold, kept for use, per ounce Troy</td>
<td>50.00</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Or, plate of silver, kept for use, per ounce Troy, exceeding 40 ounces, used by one family</td>
<td>65.00</td>
<td></td>
</tr>
</tbody>
</table>

Exhibit No. 1 List of Taxable Articles from Income Tax Return Form 1865
The 1862 law also presaged our current progressive structure with a two-tiered rate structure. Taxable incomes up to $10,000 were taxed at three percent and higher incomes were taxed at five percent.

The federal income tax expired after the Civil War, but was reintroduced in 1894. The income tax provision was successfully challenged as being unconstitutional in the U.S. court system in 1895. The Constitution gave Congress the power to impose taxes but required that direct taxes be apportioned among states in accordance with their respective populations [McCarthy, p. 3]. The Supreme Court decided that the portion of the tax imposed on income from real estate was in fact unconstitutional because it was a direct tax [Pollock v. Farmers’ Loan & Trust 1895]. The Supreme Court also ruled that the tax assessed on interest earned from state and municipal bonds was unconstitutional because the process violated the basic principle of separation of powers. Subsequently the Court would decide that the entire framework was unconstitutional because the invalid provisions were inseparable from the whole [see Hyde v. Continental Trust Co. of the City of New York et al].

During the period of 1909 through 1913, the Sixteenth Constitutional amendment was ratified giving Congress the power to lay and collect a national income tax with the following language [McCarthy, 1974, p. 4]:

The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States…

The income tax form presented in part as Exhibits 2 and 3 below were used to collect the tax. This form is the basis for the comparative project results (similarities and differences) reported later in this paper. The form for compliance by individuals as provided by an Act of Congress approved October 3, 1913, is available at the Tax Analysts website for the Tax Museum by clicking on the link for the 1040 Archives or at OurDocuments.gov, a joint undertaking of the National Archives & Records Administration (NARA), National History Day (NHD), and the USA Freedom Corps. (click on 16th Amendment to our Constitution 1913, then Image 2).

The following classroom exercise is based on comparing the details of two forms for the collection of taxes (1913 vs. 2013). Pages 1 and 3 of the earlier form are reproduced within this paper as Exhibits 2 and 3 in order to assist the reader to evaluate the comparative exercise. A set of solutions follows the exercise template.
EXHIBIT NO. 2

RETURN OF ANNUAL NET INCOME OF INDIVIDUALS.

(As provided by Act of Congress, approved October 3, 1913)

RETURN OF NET INCOME RECEIVED OR ACCRUED DURING THE YEAR ENDED DECEMBER 31, 191...

FOR THE YEAR 1913, FROM MARCH 1, TO DECEMBER 31.

Filed by (or for) .................................................. of ..................................................

in the City, Town, or Post Office of ..................................................

State of ..................................................

List No. ..................................................

District of ..................................................

Date received ..................................................

Income Tax.

The penalty for failure to have this return in the hands of the collector of internal revenue on or before March 1 is $50 to $500.

INCOME TAX.

1. Gross income (see page 2, line 12) .................................................. $ ..................................................

2. General deductions (see page 3, line 7) .................................................. $ ..................................................

3. Net income ..................................................

Deductions and exemptions allowed in computing income subject to the normal tax of 1 per cent.

4. Dividends and net earnings received or accrued, of corporations, etc., subject to like tax. (See page 2, line 11) .................................................. $ ..................................................

5. Amount of income on which the normal tax has been deducted and withheld at the source. (See page 2, line 9, column A) ..................................................

6. Specific exemptions of $3,000 or $4,000, as the case may be. (See Instructions 3 and 19) ..................................................

Total deductions and exemptions. (Items 4, 5, and 6) .................................................. $ ..................................................

7. Taxable income on which the normal tax of 1 per cent is to be calculated. (See Instruction 3) .................................................. $ ..................................................

8. When the net income shown above on line 3 exceeds $20,000, the additional tax thereon must be calculated as per schedule below:

<table>
<thead>
<tr>
<th>INCOME</th>
<th>TAX</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20,000</td>
<td>$</td>
</tr>
<tr>
<td>$50,000</td>
<td>$</td>
</tr>
<tr>
<td>$75,000</td>
<td>$</td>
</tr>
<tr>
<td>$100,000</td>
<td>$</td>
</tr>
<tr>
<td>$250,000</td>
<td>$</td>
</tr>
<tr>
<td>$500,000</td>
<td>$</td>
</tr>
</tbody>
</table>

Total additional or super tax .................................................. $ ..................................................

Total normal tax (1 per cent of amount entered on line 7) ..................................................

Total tax liability .................................................. $ ..................................................

Exhibit No. 2 – Page 1 of Internal Revenue Service Form 1040 for 1913
GENERAL DEDUCTIONS.

1. The amount of necessary expenses actually paid in carrying on business, but not including business expenses of partnerships, and not including personal, living, or family expenses.

2. All interest paid within the year on personal indebtedness of taxpayer.

3. All national, State, county, school, and municipal taxes paid within the year (not including those assessed against local benefits).

4. Losses actually sustained during the year incurred in trade or arising from fires, storms, or shipwreck, and not compensated for by insurance or otherwise.

5. Debts due which have been actually ascertained to be worthless and which have been charged off within the year.

6. Amount representing a reasonable allowance for the exhaustion, wear, and tear of property arising out of its use or employment in the business, not to exceed, in the case of mines, 5 per cent of the gross value at the mine of the output for the year for which the computation is made, but no deduction shall be made for any amount of expense of restoring property or making good the exhaustion thereof, for which an allowance is or has been made.

7. Total "General Deductions" (to be entered on line 2 of first page).

AFFIDAVIT TO BE EXECUTED BY INDIVIDUAL MAKING HIS OWN RETURN.

I solemnly swear (or affirm) that the foregoing return, to the best of my knowledge and belief, contains a true and complete statement of all gains, profits, and income received by or accrued to me during the year for which the return is made, and that I am entitled to all the deductions and exemptions entered or claimed therein, under the Federal Income-tax Law of October 3, 1913.

Sworn to and subscribed before me this .........................

day of .................................., 191

(SEAL OF OFFICER TAKING AFFIDAVIT)

(Signature of individual)

AFFIDAVIT TO BE EXECUTED BY DULY AUTHORIZED AGENT MAKING RETURN FOR INDIVIDUAL.

I solemnly swear (or affirm) that I have sufficient knowledge of the affairs and property of .............................. to enable me to make a full and complete return thereof, and that the foregoing return, to the best of my knowledge and belief, contains a true and complete statement of all gains, profits, and income received by or accrued to said individual during the year for which the return is made, and that the said individual is entitled, under the Federal Income-tax Law of October 3, 1913, to all the deductions and exemptions entered or claimed therein.

Sworn to and subscribed before me this .........................

day of .................................., 191

(SEAL OF OFFICER TAKING AFFIDAVIT)

(Address of agent)

[SEE INSTRUCTIONS ON BACK OF THIS PAGE.]

Exhibit No. 3 – Page 3 of Internal Revenue Service Form 1040 for 1913
The comparative exercise that follows requires students to prepare a list of similarities and differences between the two sets of income tax forms (1913 vs. 2013). This learning activity should be assigned after students have prepared a basic 1040 and have had exposure to Schedules C and D which report sole proprietorships and investment income so that the students can identify the similarities and differences in treatment of these items.

A template for student responses also is provided below. This comparative template has been completed by more than 1,000 tax students at our university over the last twenty years using the tax forms from either 1865 or 1913 as the basis for the comparison with the most current Form 1040.

This classroom 50-minute project is structured as a “think/pair/share” exercise. As a think/pair/share exercise, the project is completed in three phases. First the student makes his or her own list. Subsequently, students pair up and combine lists. Finally, the instructor notes and shares similarities and differences found by the students on the board.

THINKING PHASE (To be completed by individual students)
The “Thinking Phase” of this exercise is completed individually by students either during or outside of class.

PAIRING PHASE (To be completed by pairs of students)
After a student has prepared a list individually, instructors should require the student to compare the list with one prepared by another student. The two students working together in this phase should expand their individual lists to include both sets of observations. They should present this expanded list in the space provided in the second set of lines in the template.

SHARING PHASE (To be completed as a class)
At this point in the exercise, a list is constructed on the blackboard or overhead projector screen by the instructor. The shared list is populated by contributions from the student worksheets, as well as the instructors’ notes.
PREFACE

As a tax student, you have learned to prepare a Form 1040, which is the form currently used by individuals in the U.S. to comply with the requirements of Title 26 of the U.S. Tax Code. The purpose of this exercise is to develop your understanding of the history of the U.S. tax system and to reinforce the details of the current individual tax structure. These learning objectives are accomplished through a comparative exercise. You are required to compare the details in the form used by taxpayers after ratification of the Sixteenth Amendment to the U.S. Constitution (1913) with the details of the form used by taxpayers for the current tax year.

Name: __________________________

TAX HISTORY PROJECT

General Approach: Think/Pair/Share

Requirements: Compare the historical form with the current version of the Form 1040. In the space below, please identify five ways in which the returns are either similar to-- or different from-- each other. You may identify both similarities and differences in your analysis. For example, your completed analysis may contain three similarities and two differences between the forms.

<table>
<thead>
<tr>
<th>Similarities</th>
<th>Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
<td>3.</td>
</tr>
<tr>
<td>4.</td>
<td>4.</td>
</tr>
<tr>
<td>5.</td>
<td>5.</td>
</tr>
</tbody>
</table>

When you have identified five items, please find another student in the room who is also finished and compare your lists. In the space below, add the ADDITIONAL points you learned by comparing. Again, you may not use all of the space provided.

<table>
<thead>
<tr>
<th>Similarities</th>
<th>Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
<td>3.</td>
</tr>
<tr>
<td>4.</td>
<td>4.</td>
</tr>
<tr>
<td>5.</td>
<td>5.</td>
</tr>
</tbody>
</table>
EXAMPLE SOLUTIONS

SELECTED SIMILARITIES BETWEEN THE TWO TAX RETURNS

Students often comment that they are surprised at the number of similarities, including the taxation of earned income and rents, the availability of an exemption amount, and the application of progressive rates when computing the tax expense.

The historic return carries the title of “Form 1040,” the same numerical designation as the 2013 return. The progressive rate structure appears on the bottom of Page 1 of the return. In the historical form, there are no differences in the rate structure based on filing status although the exemption of $3,000 or $4,000 depends on marital status. The highest marginal rate in the historical framework is six percent compared to the current 39.6 percent. However, individuals earning over $20,000 per year were subject to the “supertax” in 1913.

The exemption amount in the historical return is between $3,000 and $4,000 (Page 1, Line 6), and this is the same range of the current exemption. However, the exemption amount in 1913 varies according to marital status ($3,000 for single individuals and $4,000 for married couples). The exemption appears to function as a standard deduction with a marriage penalty.

The historical return has one schedule (Page 2, Lines 1-9) with areas for the reporting of income described as personal services, professions, rents, and partnership activities; income from corporations and other associations whether domestic or foreign. These activities are similar to the activities represented by Schedules B, C, D, E in today’s form.

Although the filing dates differ between the two sets of forms, there is a system of penalties for late filers in both cases. In the historical form a provision provides for applying for an extension of the due date of the return in the event of sickness or absence, although the extension is only for thirty days.

The casualty loss in the event of fire, storm or shipwreck is provided (Page 3, Line 4) although in 1913 it appears on a list of general deductions rather than on Schedule A for today’s itemized deductions.

Personal expenses were not deductible in 1913. Line 10 of the instructions to the historical form is explicit:

   Expense for medical attendance, store accounts, family supplies, wages of domestic servants, cost of board, room or house rent for family or personal use, are not expenses that can be deducted from gross income.
SELECTED DIFFERENCES BETWEEN THE TWO TAX RETURNS

Upon filing of the return, there is an affidavit to be signed by the person filing the return in the presence of a tax officer who then affixes the appropriate seal.

No additional offset is allowed for taxpayers who are blind or elderly.

There is no provision for choosing a standard deduction versus itemizing deductions.

The Social Security Number did not exist in 1913.

Rather than compute net income from trade or business on separate schedules, gross income is reported on Page 2 and trade or business expenses are reported on Page 3 of the 1913 version. These respective areas report income and expenses separately rather than netting them.

There is no subtotal for “adjusted gross income,” as currently provided by Section 62 of the Internal Revenue Code. It follows that there are no floors or thresholds in computing personal deductions as is currently required on Schedule A.

The 1913 return provided for the deduction of interest arising from personal debts.

There are no credits to offset tax expense in 1913.

The 1913 return is due March 1st, rather than the current April 15th.

There is no provision for contributing to the election fund.

There is a “supertax” for individuals earnings more than $20,000 per year in the historical form. There is no alternative minimum tax.

In the case of a fraudulent return, a 100 percent tax penalty will be assessed for 1913, while the current penalty rate for fraud is 75 percent.

Instructions constitute one page for the historical return.

The instructions reflect the occupation of the country’s citizens in 1913. The longest section on Page 4 is Section 11 for farmers.

No mention is made of an informational form such as today’s W-2 or Form 1098

SUMMARY

Accounting tax textbooks usually include a brief description of the historical development of the U.S. income tax. Many texts include tax forms. In this historical
case we include the resources for tax faculty to expand the historical discussion and reinforce the tax formula through comparison of the Form 1040 used one century ago.

Tax faculty can select among the resources to enhance their tax courses in different ways. Some faculty may choose to elaborate upon the history of the development of the income in their classes. Because time is an issue for most tax faculty, such development is probably more suited to a second or elective tax class. The comparative exercise, however, is short and can be assigned in a 50-minute introductory tax class or as a take home assignment. Although the exercise is based on a historical comparison, the student does review the general structure of the current 1040. The think/pair/share exercise we offer is easily adapted in the latter part of the introductory class. This exercise reinforces the details of the Form 1040 and the basic individual income tax formula.
REFERENCES


Hyde v. Continental Trust Co. of City of New York et al, 158 U.S. 601 (1895), 3 AFTR 2602


National Archives & Records Administration (NARA), National History Day (NHD) and USA Freedom Corps. Form 1040 retrieved from http://www.OurDocuments.gov (click on 100 milestone documents link; then 16th Amendment; then Image 2)

Pollock v. Farmers’ Loan & Trust Co., 157 U.S. 429 (1895), 3 AFTR 2557


