

SESSION 2: TAX
DATE: THURSDAY, FEBRUARY 22
TIME: 1:30 – 3:00 PM

Students' Knowledge of the American Money System and Taxes: An Inquiry*

Cheryl Prachyl
The University of Texas at Arlington

Carol Sullivan
Central Washington University

Ramon Fernandez
University of Saint Thomas

ABSTRACT: Most Americans recognize the importance of money in their lives and the impact that taxes have on their disposable income. Accounting students, with their training in the area of taxation, should be especially aware of the effect of taxes on their available income. They also should have knowledge of how the tax dollars are being used to fund the activities of the American government. Given the significant portion of income that Americans pay in taxes, they should know how those tax dollars are being used.

Accounting students are often taught the major rules associated with tax accounting. They do not always consider the political and social impact of those rules. A major shift in the responsibility of accountants has been from preparer to communicator so accountants have a greater responsibility to understand the how the system of taxation operates to provide services and redistribute wealth. Computers can efficiently process transactions. The accountant now has a greater responsibility to analyze and interpret accounting information. In a recent study of accounting education, Steve Albrecht and Robert Sack recommended that the accounting curriculum should emphasize "Accounting and Its Role in Society." They also recommended that the curriculum should include "Using Accounting Information to Make Decisions", "Using Accounting Information in Different Industries," and "Tax Accounting and Its Effect on Decision Making." The purpose of this study is to examine how well accounting students understand how the dollars generated through taxation are used by the federal government. The questionnaire asks about students' general knowledge of the aggregate amounts of tax revenue and how those revenues are used by the federal government. The study will also explore students' attitudes about the importance of these issues being included in their business curriculum.

* The full text of this paper is available online by going to http://aaahq.org/meetings/2007SW_program.htm and clicking on the link.