



Your responsibilities in relation to income tax



This sequence is intended as a framework to be modified and adapted by teachers to suit the needs of a class group. This activity may not be suitable for students who already have a job.

Resources needed

- Your income tax journey – Visualiser
- Getting a Tax File Number: Tim's tale (long version) – Video
- Claiming the tax-free threshold with your TFN – Video
- How Australia's income tax system works – Video
- How do I pay income tax? – Visualiser
- What is assessable income? – Video
- What are allowable deductions? – Video
- TFN online application (simulated online application)
- Completing a TFN declaration – Instructions
- ATO Online services simulator
- Weekly tax tables
- Was the correct amount of tax withheld? – Worksheet
- Accessable income and allowable deductions – Worksheet

Introduction

- 1 Elicit student understanding of income tax and their obligations in relation to this tax. Ask them to complete an entry slip.
- 2 Provide an overview of their obligations in relation to tax using the visualiser: *Your income tax journey*. Stress that students have obligations when they start a job, while they are in a job, and at the end of each financial year when they have to submit a tax return.

Part A: When and how do I apply for a TFN?

- 1 Begin by asking which students have a tax file number.
- 2 Play: *Getting a Tax File Number: Tim's tale (long version)*. This video explains why it is important to have a TFN before students start a job.
- 3 Discuss the implications of not having a tax file number.
- 4 If time permits, invite students who do not yet have a TFN to complete the simulated *TFN application* or set it for homework.

Part B: Now I have a job, what do I need to do?

- 1 Begin by asking who has a job and whether they completed a TFN declaration.
- 2 Play: *Claiming the tax-free threshold with your TFN*.



- 3 Discuss why it is important for students to complete a TFN declaration when they start a job.
- 4 If time permits, invite students who do not have completed a TFN declaration before to complete one using the *ATO Online services simulator* or set it for homework. Students will need access to *Completing a TFN declaration – Instructions*.
- 5 As a class, discuss the tax responsibilities students have when they enter the workforce and the cost of not meeting these responsibilities.

Part C: How is income tax calculated?

- 1 Play: *How Australia's income tax system works*.
- 2 Discuss the meaning of a progressive tax system and if time permits, have students explain why it is a fair system.
- 3 Display and explain the visualiser: *How do I pay tax?*
- 4 Demonstrate to students how to access *weekly tax tables* on the ATO website.
- 5 Students complete *Was the correct amount of tax withheld? – Worksheet*. Note: Part 3 of the worksheet is optional.
- 6 As a class discuss what students should do if their employer is not deducting the right amount of tax.

Part D: How do I lodge a tax return?

- 1 Explain to students that if they earned an income, unless they have a tax agent, they must lodge a tax return by 31 October each year. If you want, play: *Do I need to lodge a tax return?*

- 2 Explain that to lodge a tax return, students will need to know how much they earned (assessable income) and what they spent on work-related deductions (allowable deductions).
- 3 Play: *What is assessable income? and What are allowable deductions?* Students complete the *income and deductions worksheet*.
- 4 If time permits, invite students to complete a tax return using *ATO Online services simulator* or set it for homework. Students will need access to *Completing a tax return – Instructions*.
- 5 Review the visualiser (Your income tax journey) to consolidate learning.
- 6 Invite students to complete an *exit card* reflecting on what they have learned.

Part E: Developing advice (optional)

Have students develop advice, such as through a timeline infographic, to help young people their age understand what they need to do and when to meet their tax obligations.

Notes for teaching students offline and to diverse audiences

Teachers can use additional ATO resources and services to support students who don't have access to information technology hardware, or the internet, or who are members of culturally and linguistically diverse (CALD) communities.

Tax file number application and declaration forms

If your students can't access ATO online services or can't attend a tax file number application interview at a participating Australia Post retail outlet, they may need to complete one of the following paper forms:

- *Tax file number – application or enquiry for individuals* (NAT 1432)
- *Tax file number declaration* (NAT 3092)



You can get a copy of these forms by either:

- *ordering online*
- phoning 1300 720 092 24 hours a day, 7 days a week.

Aboriginal and Torres Strait Islander peoples

Aboriginal and Torres Strait Islander peoples can get a copy of a paper Tax file number – application for Aboriginal and Torres Strait Islander people (NAT 1589) form by either:

- *ordering online*
- contacting the ATO Indigenous helpline 13 10 30.

Culturally and linguistically diverse audiences

The ATO has *information in languages other than English* to help people from non-English speaking backgrounds understand tax and superannuation in Australia and offers a Translating and Interpreting Service on 13 14 50.