



What taxes do you pay and why?



This sequence is intended as a framework to be modified and adapted by teachers to suit the needs of a class group.

Resources needed

- Who pays tax? – Video
- Weekly tax tables – Information
- How do you pay tax and how is it calculated? – Explainer
- Who provides the services you use? – Explainer
- Calculating tax – Worksheet
- Our lives without tax: Group instructions – Visualiser

Suggested activity sequence

Part A: What taxes do you pay?

- 1 Play: *Who pays tax?* Ask students questions to check their understanding.

Examples, with answers in brackets:

- What does personal income include? (wages, money earned from investments, profits from business, profits from sale of assets)
- How much do people need to earn before they pay personal income tax? (\$18,200)
- What is Australia's income tax system called? (progressive income tax system)

- What does this mean? (the more you earn the higher your tax rate)
- What taxes do all people pay, even if they don't have a job? (GST)

- 2 Ask students what taxes they pay. Do they pay income tax? Do they pay the goods and services tax? When did they last pay tax?

- 3 Highlight the fact that as all students are consumers, they are also taxpayers, even if they don't have a job.

Part B: How do you pay tax and how is it calculated?

- 1 As a class, read the 'goods and services tax' section of *How do you pay tax and how is it calculated?* Alternatively, invite students to read it individually or in pairs.

- 2 Ask students questions to elicit their understanding. Examples include:

- What is the current rate of GST? (10%)
- Is GST included in the final price you pay for goods and services? (yes)
- What goods and services are GST-free? (basic foods, most education, childcare and certain health goods and services)
- How do you calculate how much GST:
 - to add to the cost of an item if you are a business (add 10%)
 - you paid when you made a purchase (divide by 11)

- 3 Demonstrate to students how to use the *GST calculator*.



- 4 Individually, or in pairs, students complete part 1 of the *worksheet*.
- 5 Randomly check student answers.
- 6 As a class, read the 'income tax' section of *How do you pay tax and how is it calculated?* Alternatively, invite students to read it individually or in pairs.
- 7 Ask questions to clarify understanding.

Examples (with answers in brackets)

- What is Australia's income tax system called? (Progressive tax system)
- What's the tax-free threshold? (\$18,200)
- What is the top rate of tax? (45%)
- How do you pay income tax? (Your employer withholds it from your pay and sends it to the ATO)
- What does this mean? (the more you earn, the more tax you pay)
- What is this called? (Pay as you go or PAYG)

- 8 Demonstrate to students how to access *weekly tax tables* on the ATO website.
- 9 Students complete part 2 of the *worksheet*.
- 10 Invite students to share their answers.

Part C: How does tax spending affect you?

- 1 Explain the structure of the explainer: *Who provides the services you use?*
- 2 Use a *grouping strategy* to organise students into groups of 2-4.
- 3 Display the *visualiser* and explain the group task. Groups will need a copy of *Who provides the services you use?*
- 4 Invite each group to share their response to the statement:

The benefits of paying tax outweigh the costs.