Financial literacy – Taxation

Levels 9 and 10,
Economics and Business,
sample activities

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**Note:** Please see the accompanying Taxation resources document for supporting resources that can be distributed to students.

Session 1: Taxation of Australians

Introduction

These sample activities address the Economics and Business curriculum area of the Victorian Curriculum F–‍10 at Levels 9 and 10.

This unit introduces students to the notion of taxation and provides an overview of the taxation system in Australia.

Taxation involves government collecting money from its citizens, usually to pay for public services. Taxation pays for goods and services provided by the government for its citizens, such as public libraries, parks, roads, welfare payments such as pensions, and the wages of public servants who work for the government. Taxation funds the police force, armed forces, public education and health services.

There are many types of taxation collected by Australia governments at federal, state and local levels. All citizens are subject to taxation; in return, as citizens we all benefit through access to the goods and services provided by governments funded by taxation. In Australia, the largest percentage of taxation is collected by the federal government. The Australian Taxation Office is the government agency responsible for overseeing Australia’s system of taxation.

This series of activities is designed to be completed in a sequence of lessons. There are three sessions, each focusing on a different area of taxation.

Overview of Session 1: Taxation of Australians activities

Timing

Approx. 90 minutes total

Links to the Victorian Curriculum F–10

Relevant Economics and Business Levels 9 and 10 achievement standard extract

…students describe how resources are allocated and distributed in the Australian economy … Students explain the importance of managing consumer and business financial risks and rewards and analyse the different strategies that may be used when making decisions.

Relevant Economics and Business Levels 9 and 10 content description

* Explain why and describe how people manage financial risks and rewards in the current Australian and global financial landscape. ([VCEBE023](https://victoriancurriculum.vcaa.vic.edu.au/Curriculum/ContentDescription/VCEBC023))
* Generate a range of viable options, taking into account multiple perspectives, using simple cost-benefit analysis to recommend and justify a course of action, and predict the intended and unintended consequences of economic and business decisions. ([VCEBE028](https://victoriancurriculum.vcaa.vic.edu.au/Curriculum/ContentDescription/VCEBE028))

Learning intentions

Students will be able to:

* understand what taxation is
* explain the flow of money within the economy, incorporating leakages and injections
* discuss the different forms of taxation present in Australia
* distinguish between direct tax and indirect tax.

Teacher resources and preparation

* The following student worksheet has been provided in the accompanying Financial literacy – Taxation resources document for use during Session 1.
* Worksheet A: The circular flow of the economy
* The following resources have been provided at the end of this document for use during Session 1.
* [Appendix 1: Taxation types](#Appendix1)
* [Appendix 2: The circular flow of the economy diagram](#Appendix2)
* Teachers should provide students with either hardcopy worksheets or access to worksheets online.
* Students will require internet access to complete the worksheets.
* Most activities include a ‘Key points to be conveyed to students’ section. Teachers can decide how they want to impart this information to students – for example, they may present some of the information as a display, provide handouts to students, look at websites or watch some of the online resources together as a class. These key points should be reinforced via class discussion before students are instructed to work on worksheets.
* The Australian Taxation Office offers [resources and education services](https://www.ato.gov.au/general/education-zone) to schools and teachers. These resources are designed to support teaching about the Australian taxation and superannuation system.

Student prior knowledge and skills required

* Internet research skills

Key terms

**Circular flow economic model**: A model that demonstrates how money moves through society. Money flows from producers to workers as income and flows back to producers of goods and services as payment for their product. (See [**Appendix 2: The circular flow of the economy**](#Appendix2) [**diagram**](#Appendix1) for an example.)

**Direct tax**: A tax that a person or organisation pays directly to the entity that charges it. Direct tax is paid on income or profits, rather than goods or services. Income tax is an example of a direct tax; an individual pays income tax as a percentage of their income, directly to the Australian Taxation Office.

**Exports**: Goods or services produced in one country that are sold to buyers in other countries.

**Imports**: Goods or services produced in other countries that are bought by buyers in another country.

**Indirect tax**: A tax paid on goods and services rather than on income or profits. For example, goods and services taxation (GST) is a tax of 10% on most goods and services sold or consumed in Australia.

**Investment**: The allocation of money to something with the intention of generating a profit.

**Tax:** A compulsory charge made by government on an individual’s income or profit made by a business. Taxes are levied in almost every country of the world to raise revenue for government expenditure.

**Taxation**: The practice of a government collecting money (taxes) from its citizens to pay for public services.

Activity 1: Class discussion

1. Explain to students that this series of activities is designed to introduce them to taxation. Upon completion of the activities, they will have a better understanding of the taxation system in Australia.

2. Ask students to indicate and discuss the following:

* What do you know about taxation?
* What do you want to know about taxation?

Suggestions for guiding questions to be used within this class discussion include:

* What is taxation?
* Who has to pay tax?
* Who receives money raised through taxation?
* Why do governments collect taxes? How are taxes spent/used?
* Federal, state and local governments are all responsible for collecting tax. Which level of government is responsible for different types of taxation? [**Appendix 1: Taxation types**](#Appendix1) may assist this discussion.

3. Summarise findings and key points from the discussion and display these.

Key points to be conveyed to students

All levels of government in Australia charge citizens tax. There are several different methods of taxation. Money raised by taxation is used by government to provide public sector goods and services.

Activity 2: The circular flow of the economy

1. Display or distribute [**Appendix 2: The circular flow of the economy diagram**](#Appendix2). The following text provides an overview of money entering and leaving the circular flow. Share with students to help explain the concepts detailed in the diagram. The diagram and accompanying text have also been provided in **Worksheet A: The circular flow of the economy**.

The circular flow of the economy

Injections (money entering the circular flow)

* Government spending
* Government uses money collected through taxation.
* Government spends this within the Australian economy on goods and services.
* Investment
* Banks loan money to people/businesses, commonly to purchase capital items, such as machinery, buildings and/or land.
* Exports
* People overseas spend money on goods and services produced within the Australian economy. This money moves into the Australian circular flow cycle.

Leakages (money leaving the circular flow)

* Taxation
* A percentage of income is levied by the government, which means it leaves the circular flow, rather than going towards goods and services.
* Savings
* Rather than spend their income on goods and services from the business sector, consumers put it into their own savings and store it.
* Imports
* Rather than spend income on goods and services from the business sector in Australia, consumers spend their income on goods and services from overseas producers/businesses.

Key points to be conveyed to students

The basics of the circular flow theory will enable students to grasp basic economic concepts. Government can control, to some extent, the amount of economic activity in an economy through influencing the amount of money consumers have to spend. This is done through fiscal or budgetary policy. For example, rates of taxation, rates of pensions paid to people and other government benefits all affect the amount of money people have to spend on goods and services.

Activity 3: Paying taxes research task

1. Either as a whole class or within small groups, students brainstorm and compile a list of the different types of taxes that are paid in Australia to federal, state and local governments. Record and display student responses.

 It may be necessary to prompt students with ideas to develop a comprehensive list (refer to the list below).

2. Students categorise the different taxes according to the level of government that collects each type. Students should create three columns in their workbooks to complete the activity, with the headings: Federal tax, State/territory tax and Local government tax.

 This is an example of the table that the students should have created by the end of the activity. [**Appendix 1: Taxation types**](#Appendix1) may be used to illustrate the different categories of taxation levied in Australia and explain more about the types of tax each level of government is responsible for.

|  |  |  |
| --- | --- | --- |
| **Federal tax** | **State/territory tax** | **Local government tax** |
| Income tax | Payroll tax | Property rates |
| Medicare levy | Stamp duty | Rubbish disposal charges |
| Company tax | Land tax | Building permits |
| Goods and services tax | Tax on gambling | Fines |
| Fringe benefits tax |  | Animal licence for pets |
| Capital gains tax |  |  |
| Customs duties on imports |  |  |
| Excise on fuels, tobacco, alcohol and other goods |  |  |
| Luxury car tax |  |  |
| Petroleum resource rent tax |  |  |

3. Use the following steps to guide students through the research activity.

a. Allocate each student one type of tax to research.

b. Instruct students to research and provide:

i. a description of the tax type, including which government levies it and what is actually being taxed

ii. who is liable to pay this type of tax

iii. rates/amounts typically paid/collected.

c. Students categorise each type of taxation as belonging to one of the following two categories:

i **Direct tax**: a tax that is paid based on the income or profits of the person who pays it, rather than on goods or services; for example, a taxpayer pays a percentage tax based on the amount they earn, as is the case for income tax.

ii **Indirect tax**: a tax paid on goods and services rather than on income or profits.

d. Students report and present their findings to the whole class.

e. Record findings for display in the classroom.

Session 2: Equity and fairness

Introduction

Introduce Session 2: Equity and fairness by recapping Session 1. Highlight the following key points to students:

* Taxation is the act of the government collecting money from business/individuals for provision of public goods and services.
* Taxation is a leakage from the circular flow of the economy but is injected back into the circular flow when the government spends taxation revenue.
* The three levels of government in Australian (federal, state/territory and local) all collect taxation revenue.
* Taxation can be categorised as ‘direct’ or ‘indirect’ taxation.

Once an Australian citizen starts to earn income, they will be required to pay tax on everything they earn over an amount known as the ‘tax-free’ or ‘taxation’ threshold. The tax-free threshold is the amount of income below which you do not pay any income tax. In Australia, the tax-free income threshold in 2021 is $18,200 annually.

As one’s annual income increases, the percentage paid in income tax increases. This is known as ‘progressive taxation’ – a citizen pays tax at a rate in proportion to their ability to pay. However, there is some debate as to the fairness of the taxation system.

These activities will introduce students to progressive, regressive and proportional tax, and the question of fairness/equity in the taxation system.

Overview of Session 2 activities

Timing

Approx. 60–90 minutes total

Links to the Victorian Curriculum F–10

Relevant Economics and Business Levels 9 and 10 achievement standard extract

… students describe how resources are allocated and distributed in then Australian economy … Students identify economics and business trends, explain relationships and make predictions.

Relevant Economics and Business Levels 9 and 10 content description

* Generate a range of viable options, taking into account multiple perspectives, using simple cost-benefit analysis to recommend and justify a course of action, and predict the intended and unintended consequences of economic and business decisions. ([VCEBE028](https://victoriancurriculum.vcaa.vic.edu.au/Curriculum/ContentDescription/VCEBE028))

Learning intentions

Students will be able to:

* determine the difference between progressive, regressive and proportional taxation
* discuss the fairness of different methods of taxation in Australia.

Teacher resources and preparation

* The following student worksheets have been provided in the accompanying Financial literacy – Taxation resources document.
* Worksheet B: Different tax types
* Worksheet C: Calculating income tax in Australia
* Teachers should provide students with either hardcopy worksheets or access to worksheets online.
* Students will require internet access to complete the worksheets.
* Most activities include a ‘Key points to be conveyed to students’ section. Teachers can decide how they want to impart this information to students – for example, they may present some of the information a display, provide handouts or look at websites or watch some of the online resources together as class. These key points should be reinforced via class discussion before students are instructed to work on worksheets.

Student prior knowledge and skills required

* This session requires students to understand what tax is and how it is charged and distributed in Australia.

Key terms

**Discussion**: Looking at both sides of an argument, such as positives/negatives, strengths/weaknesses of both points of view.

**Progressive taxation**: A method of taxationwhere the tax rate increases as the taxable amount increases. The higher the income, the higher the percentage of tax paid. Income tax for individuals in Australia is a progressive tax.

**Proportional taxation**: A method of taxation where the same percentage is paid by everyone, regardless of income levels. For example, company tax is a proportional tax. The same percentage rate of profits applies to all companies, regardless of the amount of profit earned.

**Regressive taxation:** A method of taxation where the same dollar amount of tax is paid by everyone, regardless of the level of income.

**Tax-free threshold**: The amount of income a person can earn annually free of income taxation obligations ($18,200 annually in Australia as of 2021).

Activity 4: Tax types

Methods of taxation can be categorised into one of three categories: proportional, progressive or regressive.

1. Display the following definitions for students:
* **Progressive taxation**: A method of taxation where taxes increase in rate according to the income of the person paying the tax. The higher the income of a person, the higher the percentage of tax paid. Income tax for individuals is a progressive tax.
* **Proportional taxation**: A method of taxation where the same percentage rate is paid by everyone, regardless of income level. For example, company tax is a proportional tax. The same percentage rate is paid on company profit by all companies, regardless of the amount of profit earned (a flat rate).
* **Regressive taxation**: A method of taxation where the same dollar amount of tax is paid by everyone, regardless of the level of income. Goods and services tax (GST) is a regressive tax, as the same amount is paid on each item purchased to be paid regardless of the income of the person paying. As a result, people with lower incomes pay a higher percentage of what they earn than higher income earners when a regressive tax is applied.
1. Students complete **Worksheet B: Different tax types**.
2. Students complete **Worksheet C: Calculating income tax in Australia.**

Key points to be conveyed to students

* Progressive taxation takes a larger percentage of income from higher income earners than lower income earners.
* Proportional taxation takes an equal percentage of income from all.
* Regressive taxation takes a larger percentage of income from low-income earners than high-income earners.

Online resources

* [Income tax calculator (Moneysmart)](https://moneysmart.gov.au/income-tax/income-tax-calculator)
* [‘Tax, Super and You’ worksheet (Australian Taxation Office)](file:///C%3A/Users/01933741/AppData/Local/Microsoft/Windows/INetCache/Content.Outlook/QMEUJNDV/%E2%80%A2%09https%3A/www.taxsuperandyou.gov.au/sites/default/files/downloads/Tax.101_Activity2_06102017.pdf) (worksheet produced by the ATO that further details tax types in Australia)

Answers to Worksheet B: Different tax types

2. a. $2622

 b. $15,167

 c. $65,167

10. a. GST = $100

 b. Jane = 0.2%, Scarlett = 0.13%

11. a. GST = $1700

 b. Ted = 2%, Arthur = 1.38%

Answers to Worksheet C: Calculating income tax in Australia

1. a. $80,000 = $16,467

b. $126,000 = $31,687

c. $250,000 = $83,167

d. $65,000 = $11,592

2. a. $535,888 = $211,816

b. $28,104 = $1882

c. $100,993 = $23,289

d. $984,067 = $413,497

Activity 5: Is taxation ever fair?

Students participate in a class discussion about the fairness of taxation in Australia. Use the following talking points as discussion stimulus. Students could do further research to find examples and more information about the talking points. Questions for students are included in bold.

* Certain community organisations are exempt from income tax and some low-income individuals do not have to pay income tax. **Why would this happen? Is this fair?**
* Some people believe that certain methods of taxation, such as GST, are unfair because people are charged the same amount regardless of their income or capacity to pay. **Is this fair? Which taxes fall into this category?**
* Some people believe that regressive taxes are not always unfair, because several types of taxes are levied on what are known as luxury items, which are usually only bought by wealthier taxpayers, for example, the tax that is levied on luxury cars. This results in wealthier people paying more in tax because they are usually who makes these types of purchases. **What is your opinion on this and why?**
* Some taxes are designed to discourage people from purchasing specific goods or services, by making these more expensive. Taxes on the sale of tobacco and alcohol fall into this category. Fuel taxes are also designed to encourage people to use fuel-efficient vehicles and equipment. **What is your opinion on this? Why?**
* Some types of tax are designed to ensure that everyone makes a contribution towards government services used by the community, for example, garbage collection, the building and maintenance of roads and footpaths, maintaining law and order, education and a system of justice. Money collected through taxation is used to provide many of the public goods and services we expect governments to provide. **Should we all be expected to contribute equally to these things?**

Record and display points made as the discussion proceeds, then compile a class summary of perspectives and reasoning.

Activity 6: Review and reflect

Students complete an extended response in workbooks to the following questions, based on the discussion of different taxes in Session 1 and the class discussions. This activity could be used as a summative or formative assessment.

* Are all the taxes paid by Australians fair?
* Is it fair that everyone, regardless of their income and expenses, should pay the same amount or percentage of income in tax?
* Is it fair if those who earn the most pay the most tax? Should those that earn more pay a higher percentage of their income in tax?
* Should all citizens pay tax?
* Is a higher rate of taxation always a bad thing?
* Which groups benefit the most from higher rates of taxation? Who benefits the most when tax rates are decreased?

Extension research activity

Working in pairs, students research and compare the rates of taxation in different countries. A study could then be done comparing the public goods and services offered in these countries. Suggested countries to compare are Australia; an EU nation such as France or Germany; USA; New Zealand; and Japan. Students could consider which country they would rather live in and why. Would they rather pay a higher rate of taxation and receive free/discounted university education, childcare and more generous social services?

Session 3: Tax returns

Introduction

Everyone who earns income in Australia is required to lodge an annual income tax return with the Australian Taxation Office (ATO). A tax return needs to be completed at the end of each financial year. The financial year in Australia goes from 1 July to 30 June.

A tax return shows how much income a person received and the amount of tax paid on that income for the financial year. Once a tax return is lodged and processed, the ATO sends a Notice of Assessment, which either provides notice of a refund of tax paid (if a person has been taxed a higher amount than needed, or if they claimed deductions on their income) or a notice to pay additional unpaid taxes. Note, a person who earns an inconsistent amount each week or month will be charged income tax on their total annual income, which may result in a higher rate of tax being taken from their pay than needed at the end of the financial year. A tax deduction is an expense that can be subtracted from a taxpayer's total/gross income to reduce the amount subject to tax.

A tax return can be lodged by a taxpayer directly online via the ATO website. It may also be completed by a tax agent for a fee.

Overview of Session 3 activities

Timing

Approx. 60–90 minutes total

Links to the Victorian Curriculum F–10

Relevant Economics and Business Levels 9 and 10 achievement standard extract

… generate alternative responses … using cost benefit analysis and appropriate criteria to propose and justify a course of action.

Relevant Economics and Business Levels 9 and 10 content description

* Generate a range of viable options, taking into account multiple perspectives, using simple cost-benefit analysis to recommend and justify a course of action, and predict the intended and unintended consequences of economic and business decisions. ([VCEBE028](https://victoriancurriculum.vcaa.vic.edu.au/Curriculum/ContentDescription/VCEBE028))

Learning intentions

Students will be able to:

* understand the function of a tax file number
* understand how to calculate and determine assessable income
* understand what tax deductions are and how to determine relevant deductions.

Teacher resources and preparation

* The following student worksheets have been provided in the accompanying Financial literacy – Taxation resources document.
* Worksheet D: Applying for a tax file number
* Worksheet E: Assessable income
* Worksheet F: Deductions and taxable income
* Worksheet G: Tax avoidance
* Teachers should provide students with either hardcopy worksheets or access to worksheets online.
* Students will require internet access to complete the worksheets.
* Most activities include a ‘Key points to be conveyed to students’ section. Teachers can decide how they want to impart this information to students – for example, they may present some of the information a display, provide handouts or look at websites or watch some of the online resources together as class. These key points should be reinforced via class discussion before students are instructed to work on worksheets.

Student prior knowledge and skills required

* Understanding what tax is and how it is charged and distributed in Australia.

Key terms

**Assessable income**: Income that can be taxed.

**Income**: Money received, for work or through investments.

**Tax deduction**: An amount that may be taken from your assessable income to reduce the amount of tax payable.

Activity 7: Applying for a tax file number

There are two essential things that must be done by all Australians in relation to paying tax:

* apply for a tax file number (TFN)
* lodge a tax return.

In Australia, everyone who has ever undertaken work is required to have a TFN. This is a unique identifier of every citizen from the Australian Taxation Office (ATO). It is made up of nine digits. Once someone is issued with a TFN, this nine-digit number remains theirs for life.

An individual needs to apply for a TFN before they start earning income and paying income tax. An employer will ask for a TFN whenever an individual commences work with them. It is a good idea for Australians to apply for a TFN once they turn 15 years old. This activity guides students through the process of applying for a tax file number.

Students complete **Worksheet D: Applying for a tax file number**.

Important notes

* Depending on the year level completing this activity, it will vary as to who is required to sign the TFN applications. Please refer to the relevant [ATO webpage](https://www.ato.gov.au/Forms/TFN-application-or-enquiry-for-individuals---instructions/) to determine who is eligible to sign the form.
* Teachers may opt to survey the class and determine the number of students who already hold a TFN. Those without a TFN could complete **Worksheet D: Applying for a tax file number** separately.
* The Australian Taxation Office offers [resources and education services](https://www.ato.gov.au/general/education-zone) to schools and teachers. These resources are designed to support teaching about the Australian taxation and superannuation system.

Online resources

* [Education zone (Australian Taxation Office)](https://www.ato.gov.au/general/education-zone/)
* Australian residents – TFN application (Australian Taxation Office)
* [TFN applications or enquiry for individuals – instructions (Australian Taxation Office) (for instructions on who can sign a TFN application)](https://www.ato.gov.au/Forms/TFN-application-or-enquiry-for-individuals---instructions/)

Key points to convey to students

* A tax file number (TFN) is a unique identifier of every Australian who pays or has paid income tax, issued by the Australian Taxation Office (ATO).
* A tax file number is made up of nine digits and is an individual’s for life. If a taxpayer changes jobs, moves interstate or change their name, their TFN stays the same. If they leave the country and later come back to Australia, they still use the same TFN.
* Only certain people/organisations can legally ask for someone’s TFN. The most common places and people who will ask for TFN details are:
* Australian Taxation Office
* an employer
* a bank or other financial institution
* Centrelink
* a university or tertiary institution
* a superannuation fund.

Activity 8: Lodging a tax return

At the end of every financial year (30 June) anyone who has earned income must lodge a tax return with the ATO.

A tax return lays out all of the income earned by a TFN holder including wages/salary and any profits made from money invested. The costs incurred or associated in earning that income (known as deductions) are then taken off the total income and any income taxation paid on the deductions, or taxation that was charged at a higher tax bracket than needed, is refunded.

People submit tax returns to the ATO, the government agency that is in charge of collecting tax. The ATO will then issue a Notice of Assessment to show how much tax the individual owes the government, or how much tax the government owes them.

1. Class discusses and identifies different examples of income. The following table can be used by teachers as a prompt if students need help in identifying different kinds of income. If supplying the details in the table to students, ensure the items are given randomly, as they will be classifying them as ‘assessable’ and ‘non-assessable’ in the following step of the activity.

|  |  |
| --- | --- |
| **Assessable income**  | **Non-assessable income** |
| * wages and salaries
* bonuses and commission
* government income support payments, e.g., Youth Allowance, Age Pension, and Carer Payment
* money received from property or investments, e.g., rental income
* interest from cash held in the bank, e.g., term deposits or from owning bonds
* dividends earned from owning shares in a company
* the profit on a sale of a capital asset for more than you paid for it (capital gains tax)
 | * pocket money
* inheritances
* irregular and unexpected income such as lottery or prize winnings
* some scholarships
 |

2. Students complete **Worksheet E: Assessable income**.In this worksheet,students categorise the income types as either ‘assessable’ or ‘non-assessable’ income for taxation.

Key points to convey to students

All people who earn income must lodge a tax return at the end of each financial year. Assessable income is calculated as being liable for income tax. Non-assessable income is not taxable.

Online resources

* [Australian Taxation Office website](https://www.ato.gov.au/)

Activity 9: Deductions

The ATO recognises that people incur specific costs/expenses in undertaking their job and in earning their income. These costs are called ‘deductions’. When a person prepares their tax return, they enter all their deductions to reduce their taxable income. Any income tax already paid on these amounts will be refunded.

For example, if an individual is required to purchase a uniform for work, they are entitled to claim the cost of the uniform as a work expense, which can be deducted from their total income. Any taxes paid already on the cost of the uniform can be claimed as a deduction, and will be reimbursed by the ATO as part of their tax return.

For further information about work expenses and tax deductions see the [‘Deductions you can claim' page](https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/) on the ATO website.

1. Allocate students a role from [[the](https://www.ato.gov.au/Individuals/Income-and-deductions/Occupation-and-industry-specific-guides/) list of occupations compiled by the ATO](https://www.ato.gov.au/Individuals/Income-and-deductions/Occupation-and-industry-specific-guides/). Each student should be given a distinct occupation from the list.

2. Using the role and accompanying information on the ATO website as a guide, students complete **Worksheet F: Deductions and taxable income**.

Note: Students must complete tasks individually and as part of groups while completing **Worksheet F: Deductions and taxable income**. Refer to the worksheet for specific instructions.

Online resources

* [Deductions you can claim (Australian Taxation Office)](https://www.ato.gov.au/Individuals/Income-and-deductions/Deductions-you-can-claim/)
* [Occupation and industry specific guides (Australian Taxation Office)](https://www.ato.gov.au/Individuals/Income-and-deductions/Occupation-and-industry-specific-guides/)

Review and reflect

1. Through a class discussion, students review how income and deductions are used to determine the amount of assessable income a person has and how that will dictate the amount of tax that they are required to pay.

2. Students complete **Worksheet G: Tax avoidance** as an extension task.

Assessment

Collect and assess worksheets and student workbooks.

Appendix 1: Taxation types

Australian Federal Government taxation

|  |  |
| --- | --- |
| Taxation type | Description |
| Income tax | Tax on personal income |
| Medicare levy surcharge (MLS) | Tax levied on Australian taxpayers who do not have an appropriate level of private patient hospital cover and earn above a certain income. The MLS is intended to encourage individuals to take out private health insurance and reduce the burden on the public health system (Medicare).  |
| Goods and services tax (GST) | A broad-based tax of 10% on goods and services bought and sold in Australia |
| Fringe benefits tax (FBT) | Tax payable on a non-salary benefit provided to an employee |
| Capital gains tax (CGT) | Tax paid on the profit obtained when selling an asset, such as shares or an investment property. Family homes and private vehicles are exempt. |
| Company tax | Tax paid on the profits of a company/business |
| Customs duty on imports  | Tax paid when importing goods (occasionally paid when exporting goods) |
| Excise on fuels, tobacco, alcohol and other goods | Tax on certain goods produced in Australia known as excisable goods |
| Luxury car tax | Tax on purchase of luxury cars set at 33% of the value of a vehicle above the luxury car threshold. In 2019/2020, the thresholds are set at $75,526 for fuel efficient vehicles and $67,525 for all other vehicles.  |
| Petroleum resource rent tax | Tax on profits from the sale of oil and gas products, known as marketable petroleum commodities |

State/territory taxation

|  |  |
| --- | --- |
| Tax | Description |
| Payroll tax | Tax paid by employers based on the total amount of wages paid each month. An employer is liable for payroll tax when its total Australian wages bill exceed a tax-free threshold. Rates paid and thresholds vary according to the state employees live and work in.  |
| Land transfer (stamp) duty | Tax levied by all Australian states and territories on property purchases. Amount paid is based on the price of the property purchased, location and loan purpose (e.g., for investment or a family home) |
| Wagering and betting tax | Tax paid by wagering and betting operators on revenue gained from people placing bets and gambling with them  |
| Land tax | Annual tax paid on property owned in Victoria over the value of $250,000. Family home, land used for primary production or for charitable purposes are exempt from land tax. |

Local government taxation

|  |  |
| --- | --- |
| Tax | Description |
| Property rates | Taxes levied by local government annually on property owners based on the value of the property. |
| Rubbish disposal charges | Many local governments levy a garbage charge for the disposal of rubbish. |
| Building permits | Each local government is responsible for issuing of planning and building permits and charges for this. Each council has its own planning and building requirements. |
| Fines | Local governments also issue fines when someone breaches a local government bylaw. Parking fines, fines for incorrect disposal of rubbish are examples. |
| Animal licences for pets | Pet owners pay an annual fee to register pets with the local council/government. |

Appendix 2: The circular flow of the economy diagram