

Lesson Overview

This is an interactive lesson that explores an overview of the tax system in Australia. Students will learn why we pay tax and what it is used for; how we pay tax and what happens if we don't; how to manage our first job; our own and our employer's responsibilities while we are working; what is superannuation; and how to understand a range of documents relevant to tax. Each part of the lesson is connected to a slide on the interactive and features an activity, such as a drag and drop activity, a hotspot activity or a click and reveal activity to support students in learning more about the featured content. The final activity in the lesson is an interactive true or false quiz, which will assess the students' knowledge of the featured content. This lesson is suitable for year 9 and 10 students but could be adapted for younger and older students if necessary.

Differentiation & Scaffolding

We encourage teachers to use their discretion to present the material in this lesson based on their students' individual needs and existing knowledge and understanding. Some students may need more scaffolding in understanding the details of taxation, while some students may need an extra challenge or a suggestion of further individual exploration.

Australian Curriculum Links**Year 9**

- Explain the role of the Australian economy in allocating and distributing resources, and analyse the interdependence of participants in the global economy.
- The changing roles and responsibilities of participants in the Australian or global workplace ACHEK042
- Apply economics & business knowledge, skills & concepts in familiar, new & hypothetical situations ACHE5047

Year 10

- Apply economics & business knowledge, skills & concepts in familiar, new & hypothetical situations ACHE5059
- The ways that governments manage economic performance to improve living standards ACHEK052
- The Australian Government's role and responsibilities at a global level, for example provision of foreign aid, peacekeeping, participation in international organisations and the United Nations ACHCK091

Consumer and Financial Literacy Framework Links**Knowledge & understanding**

- Discuss why some goods and services are provided by the Government for community benefit and how these are funded.
- Identify and explain common terminology and categories and deductions used on pay slips

Competence

- Investigate the financial decisions required at significant life-stage events

Responsibility & enterprise

- Apply informed and assertive consumer decision-making in a range of 'real-life' contexts
- Appreciate that there is often no one right answer in making financial decisions because these depend on individual circumstances, preferences and values
- Explain how, as financially active citizens, they fit into the broader economy and society through generating income and paying taxes, saving, spending, donating and investing
- Explain the role of banks and other deposit taking institutions in collecting deposits, pooling savings and lending them to individuals and business
- Explain the role played by governments and the voluntary sector in the community to help those in financial need and explore the cost benefit to the economy

Learning objectives

Students will understand:

- That the privilege of earning an income demands responsibility.
- The Australian taxation system and its place in the economy.
- Language, phrases and processes around taxation.
- Responsibilities around taxation.
- How to read and interpret a range of documents, such as payslips and PAYG summaries.
- Who can help them manage their tax.

Resources

- H&R Block interactive lesson
- Computer or individual student devices with internet access
- Projector
- Whiteboard marker
- Whiteboard

Assessment

- Discussions
- Range of activities
- Student questioning
- Summative quiz

Cross curriculum priorities

- Sustainability

General capabilities

- Personal and Social Capability
- Numeracy
- Literacy
- Critical and Creative Thinking Information and Communication Technology (ICT)
- Capability
- Ethical Understanding

Phase 1

What is Tax?

Please refer to the following slides:

Slide 1 – Title page**Slide 2 – What is Tax?**

As a group, discuss what students already know about tax and what they would like to find out. Record each key word or idea on a sticky note.

Slide 3 – Tax facts!

- Fact 1: Tax is money collected by the government from its citizens. It is the price we pay for our civilised society.
- Fact 2: Some taxes are collected by state governments, most are collected by the federal government.
- Fact 3: Tax pays for: education, health care, roads, hospitals, schools, emergency services, benefits paid to the less well off, national security and defence, foreign aid.
- Fact 4: Income is money you earn from your effort, otherwise known as economic activity: Job, Investments, Capital gains, Distributions, Welfare payments.

Slide 4 – Tax facts continue!

- Fact 5: If you are over 18yo, earn more than \$450 per month and work 30 hours or more, your employer must set aside an additional 9.5% of your income for your retirement – this is called superannuation.
- Fact 6: Taxation law allows me to deduct costs from my income that are work-related. I am only allowed to claim costs which are directly related to my income earning activity, including my tax agent's fees.
- Fact 7: At the end of every financial year (July 31st) I must lodge a tax return. This consolidates all the money withheld with my obligation to pay and I may receive a return or pay a debt. A return means the ATO will pay me back money. A debt means I must pay more money to the ATO.
- Fact 8: 74% of people choose to leave tax to the experts and ask a tax agent to help them. You can also lodge a tax return online at <https://www.hrblock.com.au/tax-returns>

Slide 5 – The 4-sector economy

Click on each of the coloured strands to learn more about each part of the image. Discuss the roles that students and their families play in this economic model.

Description for each area:

- **Red** - People pay for services and products by engaging with the business sector. This money is then used to pay wages and makes up profit for business owners.
- **Blue** - People are economic resources used by businesses to provide labour and intellectual property for businesses to sell on. This provides the goods and services back to the population for them to purchase.
- **Yellow** - People open bank accounts where their savings are used and recycled by the finance sector. This money is used as investments into businesses, or to provide loans.
- **Green** - Money from Taxation goes to the government, who use it to support the business sector and community and maintain the quality of service and lifestyle we are used to.

Slide 6 – Drag and drop activity

Match the sectors in the 4-sector economy correctly to their descriptions.

This section will discuss:

- What tax is
- What tax is used for
- The 4-sector economy model

Tax tips, tricks and fun facts

- There are 3 ways to file a tax return: in-office with an agent, online with an agent or online DIY tax return.
- Tax returns can be lodged up until the 31st October (following the end of the financial year).
- Over 74% of people choose to lodge their tax return through an agent!
- Teachers can also claim any relevant car expenses; your home internet bill (for the time you spend doing work at home); work-related books, magazines and journals; teaching website memberships and any self-organised, relevant professional development.

Slide 7 – Click and reveal the facts to understand more about applying for and using a Tax File Number.

- **What is a TFN?** A TFN or Tax File Number is a unique identifier for the Australian Taxation Office (ATO). It is made up of 9 digits and is yours for life! You need one when you start getting paid into your bank account
- **How do I get one?** You get one by applying for it here (<https://identityservice.auspost.com.au/ato/landing>). There is a guide that supports you through each step of the online application. If you choose to complete a paper application, there is a guide on the back of the form.
- **What is it used for?** A TFN is used to identify your current working and living situation, how much your income is and how much you are getting taxed based on this information. It is also needed if you require for income assistance such as welfare or benefits.
- **What if I don't have one?** If you are working and do not have a TFN, your employer must take 47% of your pay in tax! You may also not be entitled to any income support you might need and may find it harder to get any loans.

Slide 8 – How to fill in a TFN declaration for your first job; it looks complicated, but it isn't!

Click on each of the red hotspots to see more information about each section of the form.

Slide 9 – Understanding your first payslip

Click on each of the yellow hotspots to see what each section actually means.

Slide 10 – Superannuation facts

Explain that Superannuation, or super, is a money management system whereby workers automatically save part of their pay for their retirement. You can choose to make voluntary payments into your super fund but your employer is obligated to make a contribution as well. There are many super fund managers you can choose, but there is always the option to switch or self-manage. Click and reveal each fact and discuss with the students.

- Fact 1 – You do not pay superannuation if you are under 18 and working less than 30 hours a week.
- Fact 2 – You do not pay super if you earn less than \$450 a month.
- Fact 3 – My employer pays an additional 9.5% over my gross pay into a super account in my name.
- Fact 4 – From July 2021 the amount your employer must place into your super will increase by 0.5% on a yearly basis, until it reaches 12% in 2025.
- Fact 5 – I can access my superannuation at preservation age (~65).
- Fact 6 – If I earn less than \$37 697 in a year, the government will contribute to my super up to a maximum of \$500.
- Fact 7 – The super account in my name becomes a managed fund which invests my money to earn interest for me.
- Fact 8 – I have limited control over how my money is managed but can choose from a range of super funds.

Slide 11 – What happens when?

Drag and drop each activity into the correct section of the chart to show what happens at which point. Discuss with the students who is responsible for each action and answer any further questions they might have. Alternatively, direct them to the H&R Block website for more information.

Before

- Get a TFN
- Go for an interview
- Receive job offer letter
- Check award wage

During

- Complete TFN declaration
- Receive payslips
- Record start date
- Check bank balance
- Employer contributes to super fund
- Pay tax regularly

After

- Record end date
- Check superannuation
- Receive PAYG certificate at end of financial year

Slide 12 – Understanding the PAYG Summary

Click on each of the yellow hotspots to reveal more information about each section of the PAYG summary. Discuss in more detail with the students and answer any further questions they might have.

This section will discuss:

- What is a Tax File Number and how to get one
- What your TFN is used for
- How to understand a payslip
- What is Superannuation
- Yours and your employer's responsibilities
- Understanding your PAYG summary

Tax tips, tricks and fun facts

- Ensure you keep your receipts for any work-related expenses that could be tax deductible!
- Taxation was first used in ancient Egypt around 3000-2800 BC, this consisted of forced labour for those too poor to pay a tithe.
- H&R Block was founded in Kansas City, Missouri, United States of America in 1955 and now operates 12 000 offices worldwide.

Slide 13 – Investigate the pie chart that shows how taxpayers' money was used by the government in the 2017-18 financial year.

Click on each part of the pie chart to see what section it shows and how much was spent.

- **Health** - \$75.3 billion or 16.2% (show image of hospital, nurse, ambulance etc...)
- **Education** - \$33.8 billion or 7.3% (show image of teacher, school, classroom etc...)
- **Defence** - \$30.1 billion or 6.5% (show image of jet fighter, submarine, artillery, cruiser etc...)
- **General public services** - \$20.7 billion or 4.5% (show image of roads, parks, town halls, sporting fields etc.)
- **All other functions**- \$47.6 billion or 10.2% (show images of Parliament house, museums, immigration, festivals etc...)
- **Social Security and welfare** - \$164.1 billion or 35.3% (show image of Centrelink, parents, veterans, pensioners etc...)
- **Other purposes** - \$92.8 billion or 20%

Encourage students to share their opinions on how the taxpayers' money was spread and spent; what would they change? How does this spread affect them? You may wish to share any recent, relevant news articles pertaining to how money is being/ has been spent in the current financial year.

Slide 14 – How to lodge a tax return

Explain to students that most people will need to lodge a tax return and it is a good idea to do so, to ensure you do not have any outstanding tax debt or if you qualify for a pay out. Click and reveal each of the facts to find out more.

- Financial year dates: The financial year runs from 1st July to 30th June.
- Who can help? Tax agents like H&R Block can help you! Alternatively, ask your parents, your teachers, an older student or friend.
- Last date to lodge: The last date to lodge your tax return is 31st October following the end of the financial year.
- What do I need? You will need:
 - A PAYG summary from any employers you had in that financial year.
 - Interest statements from banks or building societies.
 - Annual tax statement from your super fund (if you have one).
 - Any receipts from work-related deductions, for example, if you had to buy your own uniform.

(H&R Block have a full checklist on their website: <https://www.hrblock.com.au/tax-checklist>)

The ATO have a great tool you can use to work out if you do need to do a tax return at the following link: www.ato.gov.au/Calculators-and-tools/Host/?anchor=DINTL&anchor=DINTL/questions#DINTL/questions

Slide 15 – Extra Credit

A fun and quick maths activity for students to calculate the correct amount of tax each person should be paying!

Answers as follows;

- Dave – \$3,572 plus 32.5c for each \$1 over \$37,000 - \$6,172
- Lucas – 19c for each \$1 over \$18,200 - \$532
- Lisa – \$54,097 plus 45c for each \$1 over \$180,000 - \$63,749.50
- Sophia – Nil - \$0

Slides 16 to 23 – Summative assessment quiz

This activity can be done either as a class with each question discussed before answering, or individually. Answers as follows:

- Q1: Tax is money I save for my retirement. **FALSE**
- Q2: I am considered a consumer in the 4-sector economy. **TRUE**
- Q3: There is no disadvantage to me if I do not give my tax file number to my employer. **FALSE**
- Q4: Income is considered money I receive from services I provide. **TRUE**
- Q5: Superannuation is money my employer puts aside for my retirement. **TRUE**
- Q6: My employer can choose to put aside any amount of money they feel like for my superannuation. **FALSE**
- Q7: I have to lodge my tax return by October 31st or each year. **TRUE**
- Q8: I can claim my tax agent's fees as a taxable deduction. **TRUE**

This section will discuss:

- How taxpayers' money is used by the government
- How to lodge a tax return
- How to calculate the tax you should pay!
- Summative quiz

Tax tips, tricks and fun facts

- Teachers can claim back the cost of resources they have purchased for their job, that were not reimbursed by the school, through their tax return. These include, teaching supplies, materials and tools; teaching registration fees; working with children checks or blue cards; uniforms (with logos), including any protective clothing and laundry costs; any union or membership fees.

Extending thinking

If you have a job:

- Calculate amount of tax you have to pay (work out on average what you earn weekly and multiply it by 52 to get your yearly wage).
- Calculate the amount of superannuation your employer must pay on average every month if you are entitled to it! (9.5% of your monthly income).

If you do not have a job:

- Research what job you want to have in the future and the income you would receive in your first year.
- Calculate how much tax you will have to pay each year.
- Calculate how much superannuation your employer will have to put away each year for your retirement.
- Research allowable deductions and research superannuation funds.

Further reading

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- Superguide. (2019, May 2019). Best performing super funds over 10 financial years. Retrieved from Super Guide Superannuation and Retirement Planning Information: <https://www.superguide.com.au/boost-your-superannuation/top-10-performing-super-funds-financial-year>