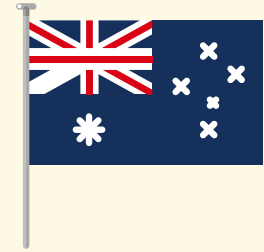




The taxation system and a 'fair go'



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

Resources needed

- Tax and You – Interactive
- Tax rates – Worksheet
- Hierarchy of human needs – Worksheet
- Writing paragraphs in Civics and Citizenship – Model
- ATO simple tax calculator

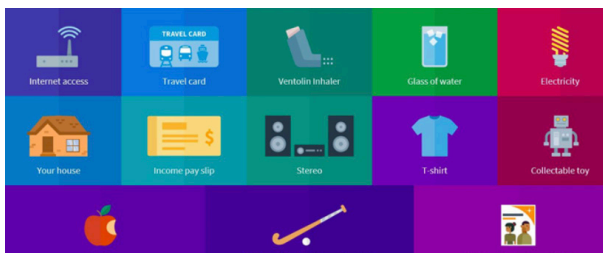
Suggested activity sequence

Part A: Exploring tax

- 1 Pose the question: We pay tax every day, but do you know when you paid tax today?
- 2 Students complete the first level of the *Interactive*.

Tax and You interactive

Go to taxsuperandyou.gov.au and search for 'tax and you'.



- 3 Review responses for:

- Income pay slip

Explain: One of the ways tax revenue is collected in Australia is through personal income tax. If you earn over \$18,200 in a financial year, you'll pay personal income tax. This is a direct deduction from your pay according to set rates. The more you earn, the greater the percentage deducted.

- T-shirt

Explain: One of the ways tax revenue is collected in Australia is through the goods and services tax, also known as GST. In Australia, GST is charged on the supply of most goods and services, including clothing. The GST rate is currently 10%.

- World Vision sponsor child

Explain: Donating to charity is a worthwhile act and is encouraged by the Australian Government. All donations to approved organisations (deductible gift recipients - DGR) are exempt from tax and may even be claimed as a tax deduction by the donor if they are \$2 or more in value. This means that your World Vision sponsorship decreases the amount tax you need to pay.

- 4 Pose the question: Is it fair that you pay tax when you buy a t-shirt but not pay tax when you donate to a World Vision sponsor child?

Students respond individually by recording their view on fairness in 2 or 3 sentences.

- 5 Invite student responses.



Part B: Exploring fairness of the income tax system

- 1 As a class, read the *Tax rates worksheet* and explain the following terms and concepts to students:
 - The meaning of average rate of tax (ART).
 - How ART is calculated (shown on worksheet).
 - The meaning of the term 'taxable income' (Income earned after taking away all allowable deductions, for example, work-related expenses).
 - The different tax rates for each income threshold.
 - 2 Students or pairs of students complete the worksheet. They will need to access the *simple tax calculator* on the ATO website.
- Go to ato.gov.au and search for 'simple tax calculator'.
- 3 Post the statement: It is fair that people who earn more taxable income should pay a larger proportion (percentage) of it in tax than people who earn a smaller amount.
 - 4 Invite students to work in pairs and discuss the statement.
 - 5 Students refer to *Writing paragraphs in Civics and Citizenship* to write a paragraph justifying, or otherwise, the progressive design of the tax system (as indicated by the statement).
 - 6 Students share responses with the class.

Part C: Exploring and clarifying fairness in the Australian tax system

- 1 Post the statement about the needs of living things:

All living things have needs and humans have particular needs. We meet some needs by ourselves. For needs that cannot be met by us individually, we come together and contribute for the common good. The life circumstance of some people means they are unable to provide for some of the most basic necessities of living and they depend on society for help.
- 2 Question students about the meaning of the statement.
- 3 Use the *Hierarchy of human needs worksheet* to introduce the concept of Maslow's hierarchy of needs, i.e. some needs have to be met before we can attend to others. Provide an example and explain that group 1 needs (biological) must be met before we attend to group 2 needs (safety), etc. Students suggest terms on the worksheet that need explanation.
- 4 In pairs, students complete the worksheet.
- 5 A spokesperson for selected pairs reports to the class.
- 6 Pose the question: Does a fair society have a responsibility to ensure that the basic needs of all citizens are met?
- 7 Invite individual students to present their view.
- 8 Students record in 2 sentences the consequence for society if one of the basic needs is not met, for example, people do not have clean water to drink or a person does not have employment.