



# Why should we pay tax?

*Lesson 4*

**Key stage 4 scheme of work:  
What does the UK economy have to do with me?**

**Lesson 4 of 6  
Why should we pay tax?**

<p><b>Context</b></p>	<p>This lesson is part of a scheme of work that comprises six lessons for teaching Key Stage 4 Citizenship in line with the requirements of the Citizenship national curriculum. The lesson is part of the ACT model Key Stage 4 curriculum, which can be used and adapted to fit with your school's provision.</p> <p>Each scheme of work has an enquiry question as the focus and is then organised into smaller questions that provide a learning focus for each lesson.</p>
<p><b>Overview</b></p>	<p>In this lesson, students revisit knowledge of what the money raised by tax is used to fund in the UK before considering our responsibility to pay tax for the benefit of society. They explore tax evasion and tax avoidance, using case studies as the focus of discussion and debate. At the end of the lesson, students advocate their point of view on the topic using evidence from the lesson.</p>
<p><b>Citizenship skills and concepts</b></p>	<p>Skills: advocacy, oracy, debating, critical thinking</p> <p>Concepts: rights and responsibilities, law, political ideology</p>
<p><b>Essential teaching guidance</b></p>	<p>Finance can be a sensitive topic for discussion. It is essential that ground rules are agreed to create a safe learning environment prior to teaching. Students and teachers should all agree to make positive contributions, listen without interrupting, respect each other's views and agree that it is OK to make mistakes as this is how we learn. Use distancing techniques, such as case studies, rather than encouraging students to discuss their own or others' situations in the lesson.</p> <p>Be particularly careful when setting the takeaway task for this lesson as it involves students carrying out independent research. You may wish to provide guidance on appropriate sources of information.</p> <p>If you are concerned by any comments or disclosures made by your students, please refer to your own school's safeguarding procedures or your SLT/designated safeguarding lead.</p>

	<p><b>Timings for each task are given as guidelines. Please use your professional judgement when deciding how to deliver the tasks, depending on time available and your students' needs.</b></p>
<p><b>Learning questions</b></p>	<ul style="list-style-type: none"> <li>● Do you currently pay tax?</li> <li>● What is the difference between tax evasion and tax avoidance?</li> <li>● As British citizens, is it our responsibility to pay tax?</li> <li>● Should we try to avoid paying tax?</li> </ul>
<p><b>Lesson resources</b></p>	<p>Slide presentation for the lesson</p> <p>Worksheet: How do I feel about paying tax? (for task 2 and plenary)</p> <p>Worksheet: Tax evasion quiz (for task 3)</p> <p>Case studies: Kasia and Faisal (for task 3)</p> <p>Glossary of key terms</p>
<p><b>Differentiation</b></p>	<p>The concepts in this lesson can be challenging for students who have little experience of paying tax. Reminding them that they are already tax payers in terms of VAT may help them realise that their money is already supporting our society if they find it difficult to engage in discussions. Concrete examples like, 'for every £10 you spend on a new pair of trainers, £1.67 is VAT' will help many students.</p> <p>Discuss case studies before written work to help students support their answers.</p> <p>Print off case studies and ask students to make notes to help them structure their answers.</p> <p>Questions have been set as think-pair-share to encourage students to discuss and support each other.</p> <p>Encourage students to use the glossary of key terms.</p>
<p><b>Assessment opportunities</b></p>	<p>A range of assessment for and of learning can take place during this lesson.</p> <p>The key substantive knowledge for students to understand is the difference between tax evasion and tax avoidance. Questions based on the case studies provide opportunities for you to assess this. You could gather feedback using a show of hands or holding up mini-whiteboards to ensure you get a whole-class response.</p> <p>Use questioning during discussions to ensure that students are explaining and justifying their views using evidence from the lesson,</p>

	<p>rather than simply falling back on a ‘tax isn’t fair’ response.</p> <p>The debating line/continuum activity provides an opportunity to assess students’ ability to justify their views and advocate others to engage them to move.</p>
<p><b>Do now / starter / entry task</b></p> <p><i>(5 minutes)</i></p>	<p><b>What does the government spend its money on? A quick reminder...</b></p> <p><i>Slides 2 to 8</i></p> <p>Show slide 2 and ask the students to try to recall the eight important areas of government spending that they learnt about in Lesson 2.</p> <p>Give them two minutes to write down as many things as they can think of, then show them the clues on slide 3 and ask them to add to their list.</p> <p>Go around the class to see what the students have remembered, then recap the knowledge on slides 4 and 5.</p> <p>To round off the task, ask if anyone can remember what percentage of these important areas of government spending is paid for by the taxes we pay. Show slide 6 as a reminder – an incredible 90% of government spending is funded by taxation.</p> <p>Explain that in this lesson you are going to be thinking about the role of taxation in our society. Should we try to avoid paying tax?</p>
<p><b>Task 1</b></p> <p><i>(10 minutes)</i></p>	<p><b>Do you pay tax?</b></p> <p><i>Slides 9 &amp; 10</i></p> <p>Show slide 9 and ask the students to vote by raising their hands or showing mini-whiteboards in answer to the question:</p> <p>“Do you think you currently pay tax?”</p> <p>This will give you an insight into students’ current knowledge about tax. Those working may pay National Insurance contributions and everyone in the class will be paying VAT.</p> <p>Share the information about VAT on slide 10. Explain that for every £10 they spend on, for example, a new pair of trainers, they will be paying £1.67 VAT and making a contribution to funding government spending.</p>

<p><b>Task 2</b></p> <p><i>(10 minutes)</i></p>	<p><b>Is Income Tax fair?</b></p> <p><i>Slides 11 to 13</i></p> <p>Show slide 11 and discuss with the class the different amounts of Income Tax paid by each of the workers. Are they surprised by the amount?</p> <p>Remind them that the tax-free allowance means that £12,500 is tax-free for everyone, then the rate is 20%, rising to 40%.</p> <p>Prompt questions for discussion could include:</p> <ul style="list-style-type: none"> <li>● Is it fair that everyone gets the same amount tax-free?</li> <li>● Should there be a lower amount of tax for very low earners? Both the beautician and office manager will be taxed at a rate of 20%.</li> <li>● Should people working in certain jobs, for example public service, pay less tax?</li> </ul> <p>Display slide 12 and discuss the questions:</p> <ul style="list-style-type: none"> <li>● How do you feel about paying Income Tax?</li> <li>● Do you think the tax system is fair?</li> <li>● Would you avoid paying tax if you could?</li> </ul> <p>Encourage the students to express a range of viewpoints. Did they speak to family and friends to gather their opinions as a takeaway task from the last lesson? Encourage them to feed other perspectives into the discussion.</p> <p>Give each student a copy of the worksheet ‘How do I feel about paying taxes?’ and ask them to fill in the ‘start of the lesson’ column. Encourage them to do this independently.</p>
<p><b>Task 3</b></p> <p><i>(15 minutes)</i></p>	<p><b>Tax evasion and avoidance</b></p> <p><i>Slides 14 to 20</i></p> <p>Show students the definition of ‘tax evasion’ on slide 14. Make sure they are completely clear about the meaning.</p> <p>As a class, watch the HMRC video ‘Tax Facts: The hidden economy’. There is a link to this on slide 15, or you can access it here:</p> <p><a href="https://www.youtube.com/watch?v=4vJnQitFpDQ">https://www.youtube.com/watch?v=4vJnQitFpDQ</a></p> <p>To consolidate the students’ understanding of key points, give them a copy of the worksheet ‘Tax evasion quiz’. Ask them to answer the quiz questions, then share responses as a class. Show slides 16 and 17 so they can check their answers.</p> <p>Then share the definition of ‘tax avoidance’ on slide 18. Make sure</p>

	<p>the students understand the difference between evasion and avoidance. Emphasise that tax evasion is a criminal offence, whereas tax avoidance is about cheating the tax system.</p> <p>Display the information on slide 19 about Kasia, who works as a beautician. There is also a version of the case studies that you can print out so the students can make notes, if you wish.</p> <p>As a class, discuss whether Kasia is committing tax avoidance (within the law) or tax evasion (against the law). Prompts for the discussion could include:</p> <ul style="list-style-type: none"> <li>● If Kasia’s tips are to say thank you, should she declare them as wages to be taxed?</li> <li>● Is doing work outside of the workplace still work, or is Kasia just helping people who cannot get to the beauty salon?</li> <li>● Why does Kasia need to earn extra money?</li> <li>● Does her son have a right to use the machines he needs for his health and to attend activities to support his disability?</li> <li>● Does this seem like a responsible reason not to declare all of your earnings?</li> </ul> <p>These questions are posed to be controversial. If the class seems to be too much in agreement, consider taking on the role of devil’s advocate to encourage debate and help the students see a different side of the argument.</p> <p>Repeat the exercise above for Faisal’s case study. Key points to discuss here are:</p> <ul style="list-style-type: none"> <li>● Faisal’s wife is being paid but not working – is this right? Perhaps draw Kasia into the case study – could she do this job instead?</li> <li>● Is it right to expect people to pay for other people’s education and healthcare when they are already providing for their own families?</li> </ul>
<p><b>Task 4</b></p> <p><i>(5 minutes)</i></p>	<p><b>Why should we pay our taxes?</b></p> <p><i>Slides 21 &amp; 22</i></p> <p>Ask the students to write down one good reason why they think we should pay our taxes.</p> <p>Then ask them to pair up with someone and share their answers. Have they thought of the same reasons?</p> <p>Share responses as a class, then look at the reasons listed on slide 17. How many of these did the students think of?</p>

<p><b>Task 5</b></p> <p><i>(10 minutes)</i></p>	<p><b>Where do you stand?</b></p> <p><i>Slides 23 to 28</i></p> <p>Designate one side of the room as ‘strongly agree’ and one side as ‘strongly disagree’. Explain to the students that the space in between goes from one extreme to the other, with ‘completely undecided’ being somewhere in the middle.</p> <p>Show slides 23 to 28 to gauge students’ opinions on:</p> <ul style="list-style-type: none"> <li>● I understand why the government collects tax</li> <li>● Tax evasion is wrong (you might want to remind them that this is a criminal offence!)</li> <li>● Tax avoidance is wrong</li> <li>● I won’t enjoy paying Income Tax, but I think it’s important</li> <li>● I think the tax system is fair</li> <li>● As a British citizen, I think it is my responsibility to pay tax</li> </ul> <p>Take time to discuss viewpoints and give students the opportunity to move along the continuum if they change their mind. Encourage other students to advocate their point of views and try to get other students to move based on their arguments.</p>
<p><b>Plenary / reflection</b></p> <p><i>(5 minutes)</i></p>	<p><b>Have I changed my mind?</b></p> <p>Ask the students to revisit the worksheets they completed for task 1 and to fill in the ‘end of the lesson’ column.</p> <p>Have they changed their views at all as a result of what they have learnt and discussed in this lesson?</p>
<p><b>Takeaway task</b></p>	<p>In the next lesson students are going to explore different ways of spending their pay.</p> <p>In preparation for this, ask them to research different ways of paying for goods and services. How many different payment methods can they find?</p> <p>Tell them to bring their findings to the next lesson.</p>
<p><b>Additional teacher links &amp; resources</b></p>	<p><a href="https://www.independent.co.uk/news/factfiles/fact-file-tax-avoidance-7873011.html">https://www.independent.co.uk/news/factfiles/fact-file-tax-avoidance-7873011.html</a></p> <p><a href="https://www.accountingweb.co.uk/community/blogs/philip-fisher/taxgate-round-iii-when-does-tax-avoidance-become-tax-evasion">https://www.accountingweb.co.uk/community/blogs/philip-fisher/taxgate-round-iii-when-does-tax-avoidance-become-tax-evasion</a></p> <p><a href="#">Chartered Institute of Taxation: Home</a></p>

<https://www.thetaxcast.com/>

<http://www.taxresearch.org.uk/Documents/TaxLanguage.pdf>

<http://labour-uncut.co.uk/2012/08/02/labour-needs-to-stop-moralising-about-tax/#more-14007>

<https://conservativehome.com/2012/07/25/paying-tax-is-not-a-moral-issue/>



# How do I feel about paying tax?

Circle the answers that match how you feel most closely.

	<b>My view at the start of the lesson</b>	<b>My view at the end of the lesson</b>
Which of the following best describes how you feel about paying Income Tax?	<p>Angry</p> <p>Happy</p> <p>I don't care, it doesn't really matter</p> <p>It's not fun, but I can see it's important</p>	<p>Angry</p> <p>Happy</p> <p>I don't care, it doesn't really matter</p> <p>It's not fun, but I can see it's important</p>
Do you think the tax system is fair?	<p>Yes</p> <p>No</p>	<p>Yes</p> <p>No</p>
Would you avoid paying tax if you could?	<p>Yes</p> <p>No</p>	<p>Yes</p> <p>No</p>

# Tax evasion quiz

How much can you remember from the film?

Try answering the following questions.

<p>1. What does HMRC stand for?</p>	
<p>2. How much of their income do 'ghosts' pay in tax?</p>	
<p>3. What is a 'moonlighter'?</p>	
<p>4. How much tax goes unpaid in total each year because of tax evasion?</p>	
<p>5. Can you name two ways HMRC catches tax cheats?</p>	
<p>6. What happens when a tax cheat is caught?</p>	
<p>7. Can you name three things to look out for when you start a new job so you don't get caught up in tax evasion?</p>	
<p>8. Why is it called the 'hidden economy'?</p>	



# Case studies: Kasia and Faisal

## Kasia, beautician

Kasia works in a beauty salon and earns £14,225 a year.

Kasia is good at her job and lots of her clients like to reward her with ‘tips’. They pay her extra on top of the price of their treatment and Kasia puts this money in a pot and takes it home at the end of week. She uses the tips to pay for her son to go to a riding school, as he has a disability and riding helps his confidence.

Kasia is also able to work from home or at clients’ houses on her days off and in the evening. The clients pay her cash. This helps her pay gas and electricity bills – her son’s disability means that it is important to keep the house warm and he has lots of machines that need to stay switched on.

Is Kasia committing tax avoidance or tax evasion?  
Is she justified in doing what she does?

## Faisal, builder

Faisal runs a successful family business. He employs a number of his own family and also offers jobs to people in the local area, working in the office and on building sites.

Faisal earns £100,000 a year. He employs his wife in the company as his PA, although she doesn’t really do any work. She used to look after their three children, who are now attending a very expensive fee-paying school.

Faisal does pay his tax, however as his business is so large he now has a team of accountants who take care of his finances for him. They ensure he pays as little tax as possible.

Faisal understands that tax is important for the country, but he pays for private school and private medical care and he has invested well in property to ensure he and his family will be supported when he retires.

Is Faisal committing tax avoidance or tax evasion?  
Is he justified in doing what he does?