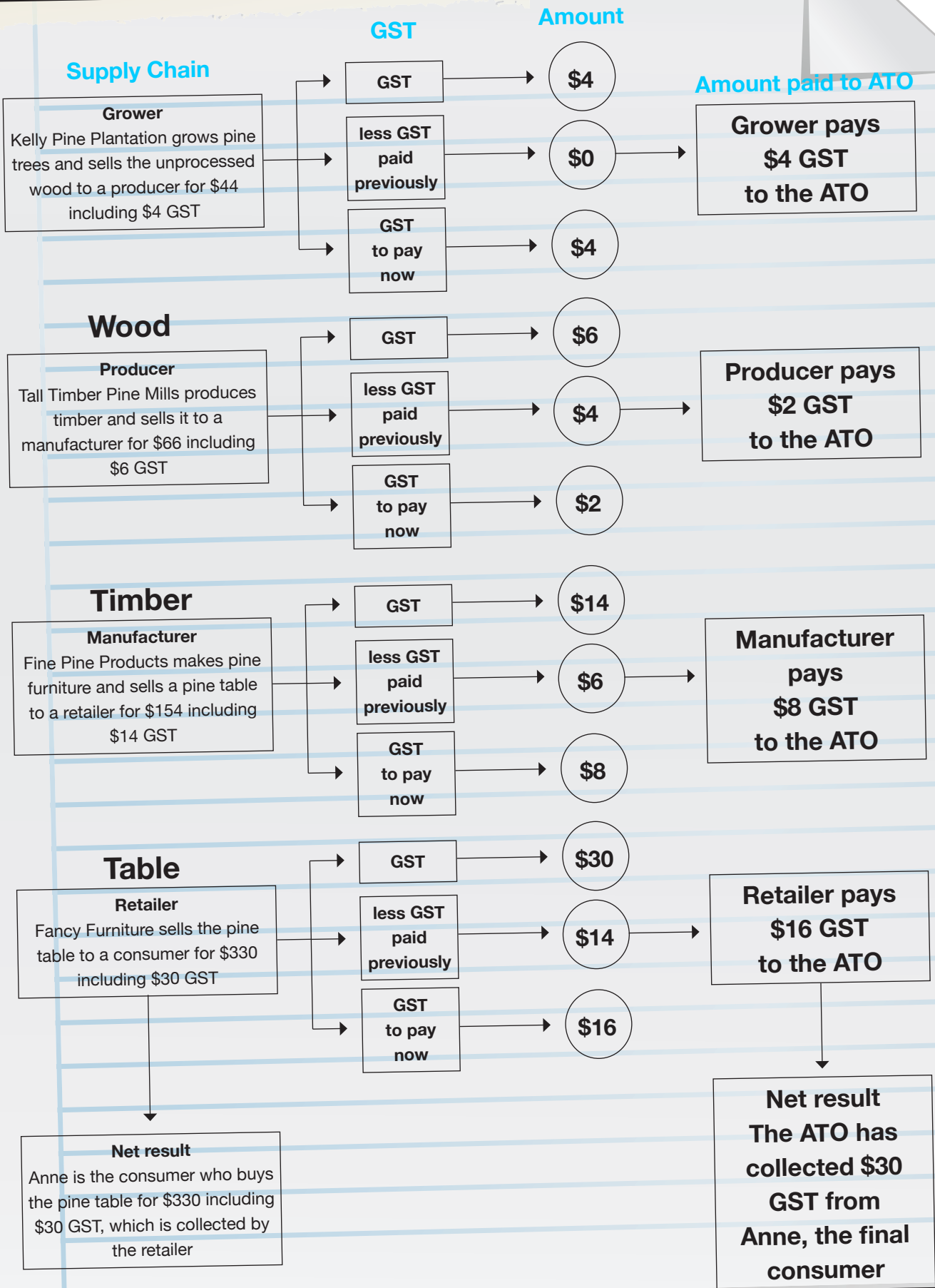




# GST FLOW CHART – GROWER TO CONSUMER



Business Tax Activity 4: The Goods and Services Tax (GST) Years 7-10

# TASK 1 CALCULATING GST

## Worksheet

### YOU WILL:

- ▶ calculate GST to be added to an item at the final selling point
- ▶ calculate GST on the final selling price
- ▶ calculate GST paid by the retailer and by the retail customer

### YOU WILL NEED:

- ▶ *Fact sheet: The goods and services tax (GST)*
- ▶ *Answer Sheet: Task 1 – Calculating GST*

### APPLY YOUR KNOWLEDGE

1. Complete Table 1 and **calculate** the GST amount to be added to the value of each item.

Table 1

Item	Value \$ excl GST	GST to be added \$	Selling price \$
Jeans	130		
Jumper	120		
Mobile phone	550		

Table 2

Item	Value \$ excl GST	GST to be added \$	Selling price \$
Sneakers			220
Meal in restaurant			121
Chair			165

2. Complete Table 2 and **calculate** the GST portion of the prices and the price without GST. Prices with GST are given.
3. Complete Table 3 to **show** the breakup of the selling price for a mobile phone. Then answer questions 4 to 8.

Table 3

Item	Amount paid by phone retailer	GST paid by phone retailer ( $275 \div 11$ )	Amount paid by buyer See table 1	Amount of GST (in selling price) See table 1	Amount kept by the retailer from sale of phone
Mobile phone	275				

4. Who collected the final GST payment? \_\_\_\_\_
5. What is the net amount of GST that the phone retailer must send to the ATO?  
\_\_\_\_\_
6. What is the full amount of GST finally received by the ATO?  
\_\_\_\_\_
7. Where does the difference between the amount paid by the retailer and the buyer come from?  
\_\_\_\_\_
8. Who actually pays the GST amount? (That is, who pays the full GST amount and is not entitled to any GST credit?)  
\_\_\_\_\_

Business Tax Activity 4: The Goods and Services Tax (GST) Years 7-10

# TASK 2 IS GST A FAIR TAX?

## Worksheet

### YOU WILL:

- ▶ work collaboratively to consider different viewpoints about what constitutes a fair tax
- ▶ list the characteristics of GST
- ▶ decide on whether you think the GST is a fair tax
- ▶ debate your findings with other students, identifying points of agreement and disagreement

### YOU WILL NEED:

- ▶ *Fact sheet: The goods and services tax (GST)*
- ▶ *Answer Sheet: Task 2 – Is GST a fair tax?*

## CONSIDER DIFFERENT PERSPECTIVES

There are different views on whether the GST is a 'fair tax'.

1. **Read** the quotes below.

"The GST is a much 'fairer' tax because it is harder to evade. Everybody who spends money will end up paying GST. That includes people operating in the black economy, tourists and even those who pay no income tax".

"When the GST is examined as a proportion of income, the GST is found to be a regressive tax, even though the GST is applied at a constant rate of 10 per cent. This is because people with higher incomes tend to spend less (and save more) of their income than people with lower incomes, which results in less GST being paid as a percentage of the income of higher income earners".

Varela, P. (2016 February 24) *Brief: Progressive and Regressive Taxes*. Retrieved from URL <http://www.austaxpolicy.com/brief-progressive-and-regressive-taxes/>

2. Work with a partner to **analyse** these statements. Although views will depend on your personal beliefs and values, the following prompts may get you started.
- a. **Identify** what you believe are the main characteristics of a 'fair' tax.
  - b. **List** the main characteristics of consumption taxes such as GST.
  - c. **Conclude:** Do the characteristics you listed for GST match those you would expect of a 'fair' tax?
3. **Debate** your findings with those of another pair of students. How much agreement was there in your views? On what aspects did you disagree?

Points of agreement	Areas of diverging views