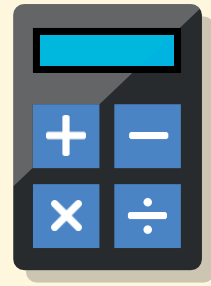




Percentages and income tax



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

Resources needed

- How Australia's income tax system works – Video
- What is Income tax – Explainer
- Calculating income tax – How-to-sheet
- Tax and tax rates – Worksheet
- Impact of income tax – Investigation
- ATO's simple tax calculator

Part A: What is income tax?

- 1 Play the video: *How Australia's income tax system works* as an introduction to Australia's progressive income tax system.
- 2 Use a grouping strategy to organise students in groups of 3 or 4.
- 3 Students read the *Explainer* and in groups construct a brief definition of income tax and tax rates. Each group writes their definition on the board.
- 4 When all definitions are displayed, discuss and refine the descriptions to come to a shared class understanding of Australia's progressive income tax system.

Part B: Calculating income tax

- 1 Explicitly teach students how to calculate income tax. Use the *Calculating income tax – How-to-sheet* as a guide.
- 2 Students complete the part 1 of the *worksheet*.

Refer students to *Calculating income tax – How-to-sheet* to support them to complete the worksheet.

- 3 Review how to calculate averages. For example, the average rate of tax (ART). If income is \$45,000 and total income tax is \$5,092.

$$\text{ART} = \frac{\$5092}{\$45,000} \times 100 = 11.32\%$$

- 4 Revise how to calculate percentages, percentage increases and decreases. Use the *Calculating percentage change – How-to-sheet* as a guide.
- 5 Students complete part 2 of the worksheet. (**Note:** students can do just a couple of the questions depending on the available time.)

Refer students to *Calculating percentages or ratios- How-to-sheet* and *Calculating percentage change – How-to-sheet* to support them to complete the worksheet.

Part C: Investigating income tax

- 1 Walk students through the *Investigation* instructions, reminding them of the similarities to the problem you modelled.
- 2 Before students embark on their investigation, you may want to show them how to use ATO's *simple tax calculator*. If necessary, refer to *Using the simple tax calculator – How-to-sheet*. This will enable students to focus on developing an understanding of progressive tax rather than getting bogged down in calculations.
- 3 Students may benefit from working individually and/or in small discussion groups.
- 4 Discuss student answers as a class.