

Income Tax for Employees

Student Activity Worksheet

2

Solutions



1. Define the term **income**.

- Money that is earned from working or from investments / A company's profits for a particular period of time / Money earned by a person, company or government over a particular period of time.

2. Match the explanations with the correct term in the table below.

Explanations	Terms
1. An additional payment received by an employee for reaching a target	A. Dividend
2. An amount paid to employees based on the number of hours or days worked	B. Jobseeker's Benefit
3. A weekly payment given to people who are unemployed	C. Pension
4. A share of a firm's profits given to shareholders	D. Wage
5. A regular payment received by people who are retired	E. Bonus

1	2	3	4	5
E	D	B	A	C

3. Identify which of the income types below is a taxable or non-taxable income.

Income	Taxable / Non-Taxable
1. Lottery win	Non-Taxable
2. Salary	Taxable
3. Commission	Taxable
4. Scholarship income	Non-Taxable
5. Rental income	Taxable

4. Circle the correct answer in the following statements.
- a. A direct tax is paid on **income** / goods and services.
 - b. Schedule E relates to business income / **employment income**.
 - c. A PPSN is a **Personal Public Service Number** / Public Personal Service Number.
 - d. A trade union subscription is an example of a statutory / **non-statutory deduction**.
 - e. The Income Tax rate of 40% is also known as the standard rate / **marginal rate**.
5. Identify whether the following statements are true or false.

Statement		True / False
1.	Tax credits increase the amount of Income Tax a person must pay.	False
2.	A salary is a fixed payment paid to an employee for working.	True
3.	VAT is an example of an indirect tax.	True
4.	Child Benefit is an example of taxable income.	False
5.	Employment income is collected through the PAYE system.	True