

▶ Unit 6

Income Tax and VAT

Lesson Plan





1.0 Learning Outcome

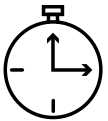
To examine the self-assessment system and understand how it is used for Income Tax and VAT purposes.



2.0 Learning Intentions

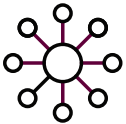
At the end of this lesson, I will be able to:

1. Explain Income Tax related to Schedule D business income
2. Differentiate between PAYE income and non-PAYE income
3. Describe the criteria used to register for Income Tax
4. Outline the responsibilities of a chargeable person
5. Describe the features of Value Added Tax (VAT)
6. Describe the different VAT rates imposed in Ireland
7. Explain how a person/business registers for VAT and how VAT payments are made



3.0 Duration

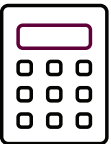
2 x 1hr classes



4.0 Links

Literacy Links

Self-assessment system, PAYE income, Non-PAYE income, Schedule D income, Gross income, Net income, Chargeable person, Income Tax, Goods, Services, VAT



Numeracy Links

Tax rates, Addition, Subtraction, Percentages, Multiplication, Division



Cross-Curricular Links

Accounting, Business, Computer Science, Economics, Geography, Home Economics



TY Skills

Being personally effective, Communicating, Critical and creative thinking, Information processing, Working with others



5.0 Resources

The resources required for this lesson are:

1. Whiteboard, projector, PC / laptop with an internet connection
2. Lesson Plan
3. PowerPoint Presentation
4. Student Activity Worksheet 1
5. Student Activity Worksheet 2 & Solutions
6. Income Tax Worksheet 1 & Solutions
7. Income Tax Worksheet 2 & Solutions
8. Student Learning Journal

6.0 Lesson Introduction

The **teacher** briefly **outlines the learning intentions** on **PowerPoint Slide 2** to highlight the topics to be covered during the lesson. A copy of **Unit 6: Student Activity Worksheets 1 and 2**, as well as **Unit 6: Income Tax Worksheets 1 and 2** are **distributed** to all students.

6.1 Retrieval Practice

Activity 1

Using their knowledge from **Unit 5: myAccount**, students **fill in the blanks** on **Student Activity Worksheet 1, Activity 1**. The **teacher records** the **solutions** provided by students on **PowerPoint slide 3**.

Solutions

To register your first job, you must register using Revenue's online platform called **myAccount**. You will need to include specific details, including: the **employer** registration number, an estimate of your overall **income** and the **date** your job starts.

Once Revenue has these details it informs your employer how much tax you must pay for Income Tax, **USC** and PRSI using a Revenue **Payroll** Notification. You will receive your pay less these **deductions**.

People who are self-**employed** and individuals registered to pay Local **Property** tax also register on this platform.

8.0 Schedule D – Business Income

The **teacher** provides a **recap of taxable income** on **PowerPoint slide 5** and explains that the **focus on this lesson** will relate to **Schedule D – Business Income**. The **teacher** explains the **cases** applicable to **Schedule D** with **examples** on **PowerPoint slides 6-7**.

Activity 2

Individually students complete the **matching activity** to link the correct Schedule D case number with the associated explanation. Students **record** their answers on **Unit 6: Student Activity Worksheet 1, Activity 2**. Student answers can be recorded by the teacher on **PowerPoint slide 8**.

Solutions

Case I	Case II	Case III	Case IV	Case V
C	D	A	E	B

9.0 PAYE and Non-PAYE income

The teacher asks students if they can **define** the terms '**PAYE income**', '**non-PAYE income**', '**gross income**' and '**net income**' with **question prompts** on **PowerPoint slide 9**. **Definitions** for each term can be found on **PowerPoint slide 10**.

A **worked example** that shows the difference between **gross** and **net non-PAYE income** can be found on **PowerPoint slide 11**.

10.0 Registering for Income Tax

The teacher **explains** the **criteria** used by the Revenue Commissioners regarding **gross** and **net non-PAYE income when registering for Income Tax**. Students meet the term '**chargeable person**' describing the individuals that **must register for Income Tax**, as well as the **responsibilities** they have in relation to **Income Tax**. This information is outlined in detail on **PowerPoint slides 12 and 13**.

Students can watch the **summary video** of the Revenue Commissioner's online services known as **ROS [1m 44]** on **PowerPoint slide 14**.

***Preliminary Tax Explanation [PowerPoint slide 12]**

Preliminary tax is an estimate of the Income Tax, USC and PRSI that a chargeable person expects to pay for the year. The amount of preliminary tax a chargeable person chooses must be equal to, or more than, the lowest amount of:

- 90% of the tax payable for the current year
- 100% of the tax payable for the preceding year
- 105% of the tax payable for the pre-preceding year (only available if you pay by Direct Debit and the tax payable was not nil)

†Surcharge and Interest Explanations [PowerPoint slide 12]

A surcharge applied can be either:

- 5% of the tax liability to a maximum amount of €12,695, where the tax return is delivered within two months of the specified return date
- 10% of the tax liability to a maximum amount of €63,485, where the tax return is delivered two months after the specified return date
- The interest rate for each day or part of a day is 0.0129%



Extension Task

10.0.1 Form 11

Students could examine a [Form 11](#) to show the detailed information required by the Revenue Commissioners for a self-assessment Income Tax Return.

10.1 Case Studies – Registering for Income Tax

The **teacher** and **students** work through the three **case studies** on **PowerPoint slides 15-17** to **identify** whether the **individuals** are **required to register for Income Tax**. **Students** complete **Unit 6: Income Tax Worksheet 1** in pairs to **identify** whether individuals should **register for Income Tax** and provide a reason for their decision. The worksheet examples can be **corrected as a whole class activity**.

Activity 3

Students examine the table containing **five statements** related to Income Tax on **PowerPoint slide 18**. Students **identify** whether the statements are **true or false** and **record** their answers on **Unit 6: Student Activity Worksheet 1, Activity 3**. Teacher can record student **answers** on **PowerPoint slide 18**.

1	2	3	4	5
False	False	True	True	False

10.1 Income Tax Worksheets

The **teacher** may decide to **go through** the **questions** as a whole class exercise or the **students** can **work in pairs / groups** to complete **Unit 6: Income Tax Worksheets 1 and 2**. The **solutions** can be provided to students on **Unit 6: Income Tax Worksheets 1 and 2 Solutions**.

11.0 Introduction to VAT

Activity 4

Students work in **groups** to **co-create definitions** for the terms 'goods' and 'services' and to identify **examples** of each. Students **record** their suggested definitions and examples on **Unit 6: Student Activity Worksheet 1, Activity 4**. Students **share** this **information** with their classmates and the **teacher notes** the definitions on **PowerPoint slide 20**. The teacher can show **sample definitions** and **examples** for goods and services on **PowerPoint slide 21**.

Students examine the **questions** related to **VAT** on **PowerPoint slide 22** and recall information learned from **Unit 1: Overview of Taxes**. A **whole class discussion** can take place to **probe for more detailed understanding** of the topic from students.

11.1 VAT Explanation and Current Rates

The **teacher** provides more **detailed information** on the imposition of **VAT** and the **collection** method used by the Revenue Commissioners on **PowerPoint slide 23**. The teacher **asks students** if they know the **standard, reduced rate and second reduced rate of VAT**. Students could conduct some small-scale **online research** to **identify** these **VAT rates**.

These rates are shown on **PowerPoint slide 24**. **VAT exempt items** are shown on **PowerPoint slide 25**.

Activity 5

Using the [VAT Rates Database](#), students should **identify** the **VAT rates** applicable for the eight listed goods and services. Students could **search** for two **additional goods/services** and record the **VAT rates applicable**. Students can **record** this information on **Unit 6: Student Activity Worksheet 1, Activity 5** and this can be **corrected** as a whole class exercise on **PowerPoint slide 26**.

Good / Service	VAT Rate
1. Architect fees	23%
2. Funeral undertaker	Exempt
3. Rings (jewellery)	23%
4. Eggs	0%
5. Paintball	9%
6. Handbags	23%
7. Takeaway (cooked meal)	9%
8. Video games	23%

Activity 6

Students work alone/in pairs to examine the [infographic](#) showing VAT rates across Europe and associated questions on PowerPoint slide 27. Students can record their answers on Unit 6: Student Activity Worksheet 1, Activity 6.

Solutions

1.	Hungary – 27%
2.	Luxembourg – 17%
3.	23%
4.	(i) Belgium, (ii) Italy, (iii) Portugal
5.	(i) Germany – 19%, (ii) Finland – 24%
6.	27 countries



Extension Task

Students could watch the video on [VAT](#) to find out more information on VAT collection across the EU.

11.2 VAT Registration and Payment

The teacher explains the criteria that is used to identify whether a business is required to register for VAT by examining the example on PowerPoint slide 28. A brief explanatory video on VAT registration is available on PowerPoint slide 29 [1m 29]. A detailed example of VAT collection by VAT registered businesses is shown on PowerPoint slide 30.

12.0 Revision Activity

Individually students complete Unit 6: Student Activity Worksheet 2 to revise the content covered in Unit 6.

13.0 Learners' Journal

Teacher distributes learning journal template and students complete the learning journal associated with this lesson.