

▶ Unit 6

# Income Tax and VAT

## Lesson Plan





## 1.0 Learning Outcome

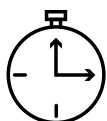
To examine the self-assessment system and understand how it is used for Income Tax and VAT purposes.



## 2.0 Learning Intentions

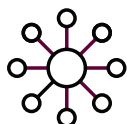
At the end of this lesson, I will be able to:

- |    |   |
|----|---|
| 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

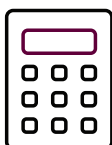
2 x 1hr classes



## 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 13]**

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 13]**

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

## 10.2 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.