

# Tax in Action

## Direct & Indirect Taxes

### Excise Duty

A tax used to discourage consumption and is paid on mineral oils (petrol, diesel, kerosene), tobacco products and alcohol.

### Deposit Interest Retention Tax (DIRT)

A tax paid on the interest that is earned on savings.

### Capital Gains Tax (CGT)

A tax paid on the profit made on the sale of an asset.

### Universal Social Charge (USC)

A tax on employee's income.

### Value Added Tax (VAT)

A tax charged on goods and services paid by the end consumer.

### Income Tax

A tax on an employee's income  
The current rates are 20% and 40%.

### Stamp Duty

A tax paid on the written documents that transfer ownership of land and buildings.

It is also a tax on cardholders on financial cards, charge cards and credit cards.

### Capital Acquisitions Tax (CAT)

A tax charged on a gift or an inheritance.

### Local Property Tax (LPT)

A self-assessed tax based on the market value of residential property in Ireland.

## Activity 1

- ➔ Group the taxes listed on the left into direct and indirect taxes.

**Direct Tax:** A tax paid on income and gains. **Indirect Tax:** A tax paid on goods and services.

1.4 Explain key personal taxes and charges and suggest the occasions when and why they might arise.

## Activity 2

- ➔ Using the definitions on the right, identify the elements of Lucy's payslip.

- ➔ Complete Lucy's payslip to find her net pay if she:
  - pays tax at 20%,
  - pays PRSI at 4%,
  - has weekly tax credits of €68.

1.11 Interpret a wage slip and calculate personal tax liability arising from employment.

### COMPANY NAME: My Company Ltd.

Employee Name: Lucy Burke      Frequency: Weekly  
PPSN: 1234567AA      Pay Date: 06/01/2023

Payments		Deductions	
Basic Pay	€300.00	PAYE	
Overtime	€75.00	USC	€20.00
		PRSI	
		Union Fees	€4.00
<b>Gross Pay</b>	<b>€375.00</b>	<b>Total Deductions</b>	
		<b>Net Pay</b>	

## Activity 3

- ➔ You are the Irish Government. You have €100 billion to spend for the year.
- ➔ Working in pairs or in groups, rank the areas of expenditure listed on the right from 1. the most important to 8. the least important.
- ➔ Record the amount you would spend on each area of expenditure. Discuss the reasons for your decisions.



Where does your money go?

3.5 Examine the purpose of taxation from a financial, social, legal, and ethical perspective.

Social protection	Health	1. _____ 2. _____ 3. _____ 4. _____ 5. _____ 6. _____ 7. _____ 8. _____
Education	Justice	
Agriculture	Debt Servicing & EU Payments	
Transport	Other Government Department Expenditure	

## Activity 4

- ➔ The Government wants to introduce a Circular Economy to help Ireland reduce its greenhouse emissions by 51% before 2030. A Circular Economy means repairing and reusing or sharing and swapping our goods to reduce waste.
- ➔ The Government plans to promote a Circular Economy by increasing the price on single-use items, such as disposable coffee cups.
- ➔ Debate either for or against the following statement: Paying more money for single-use items, such as a coffee cup, is a good way to promote a Circular Economy.



Ireland's National Waste Policy

3.11 Evaluate the benefits and costs of a government economic policy and assess who enjoys the benefits and who bears the costs.

## COFFEE CUP FACTS IN IRELAND

22,000 cups every hour 22,000 coffee cups are disposed of in Ireland every hour	1,000 years Single-use plastics can take up to 1,000 years to break down in the environment	Almost 66% Almost 66% of people surveyed* said they disagreed with the coffee cup levy
20c levy The Circular Economy Bill plans to introduce a 20c levy on single-use coffee cups	Due to the plastic lining, most single-use coffee cups cannot be recycled	

\*RESTAURANT ASSOCIATION OF IRELAND (RAI) 2022

## Payslip Definitions

### Basic Wage

Amount received for working a normal week.

### Gross Pay

Total pay before deductions.

### Net pay

Take-home pay.

### Overtime

Amount received for working more hours than the employee's standard working week.

## Payslip

A written document that is given to an employee by their employer when they are paid. The payslip shows the employee's gross pay and any deductions that were taken.

## Statutory Deductions

Mandatory deductions made by the employer and paid to the Revenue Commissioners.

## Tax Credits

Used by individuals to reduce the amount of Income Tax that they have to pay. Tax credits are given on a yearly basis.

## Pay Related Social Insurance (PRSI)

A social contribution paid by most employees and employers which helps to pay for social welfare benefits and state pensions.



Oide

Tacú leis an bhFoghlaim Ghairmiúil i measc Ceannairí Scoile agus Múinteoirí

Supporting the Professional Learning of School Leaders and Teachers



Revenue  
Cáin agus Custaim na hÉireann  
Irish Tax and Customs