

Laura's big day

Teachers' notes

Introduction

Understanding about economic processes is important for effective engagement in society. However, to achieve an appropriate level of understanding, students first need to feel that it is relevant to them. Learning about personal and public finance is an essential part of preparing young people for their roles as adults in society. Further, young people need to understand why and how deductions are made from their wages. Public spending is necessary for any society but there are many related issues which are highly controversial, including how much tax should be paid, by whom, and for what purposes.

This is the first of two lessons which take students through a process of examining an economic situation in the light of facsimile documents such as payslips or bank statements. The lessons help students understand how to read these documents and how to understand some of the issues raised by them.

Aims

- To introduce students to the idea of taxation from an employee's points of view
- To help students read a payslip
- To consider the social purposes of taxation and some of the practical ways taxation can be used to promote government policy.

Learning Outcomes

At the end of the lesson students should be able to:

- explain the difference between gross and net pay
- name different ways in which the government levies taxes
- name some of the main areas of government spending
- discuss ways taxation can be used as an instrument of government policy.

Curriculum links

CITIZENSHIP

1.2 Rights and responsibilities

- 1.2a Exploring different kinds of rights and obligations and how these affect both individuals and communities

2.1 Critical thinking and enquiry

- 2.1b research, plan and undertake enquiries into issues and problems, using a range of information, sources and methods
- 2.1c interpret and analyse critically sources used, identifying different values, ideas and viewpoints and recognising bias

3 Range and content

- 3j the economy in relation to citizenship, including decisions about the collection and allocation of public money
- 3k the rights and responsibilities of consumers, employers and employees

ECONOMIC WELL-BEING AND FINANCIAL CAPABILITY

1.2 Capability

- 1.2b Learning how to manage money and personal finances
- 1.2d Becoming critical consumers of goods and services

1.4 Economic Understanding

- 1.4a Understanding the economic and business environment
- 1.4b Understanding the functions and uses of money

2.2 Key Process - Exploration

- 2.2a Students should be able to identify, select and use a range of information sources to research, clarify and review options and choices in career and financial contexts relevant to their needs

3 Range and content

- 3.h personal budgeting, wages, taxes, money management, credit, debt and a range of financial products and services.

Method

Begin by getting the students to think about their own experiences of the workplace. For example, you might ask:

- How many of them work?
- How are they paid?
- If they are paid, do they pay income tax?

Explore the idea that under a certain wage no one is expected to pay tax (this is currently £6035). Why is this? (People on low wages pay less in tax; £500 per month is a relatively small sum, on which it is difficult to live independently).

Introduce the main part of the lesson by giving out the student sheets *Laura's Big Day and Laura's Payslip*. Read the short story with the class which explains the shock Laura had when she realised that she would be paying tax and National Insurance from her first pay packet. Use the summary box to show the class how the figures are worked out.

Discuss the issues raised in the section *Work is so taxing!* This section aims to help students understand that income tax is just one of many ways in which the government raises money. Use the *Did you Know...?* section to help students realise that modern governments raise and spend very large amounts of money.

If time allows, use the discussion slips on page 5 *Points of View about Taxation* to develop students' understanding about a number of key issues. Ask students, working in pairs, to discuss each statement and decide whether they agree or disagree with it. Ask them to share their reasoning and correct any misunderstanding these may display. Alternatively, this exercise could form the main exercise of a second lesson.

Once the issues have been discussed underline the key learning from these issues which is that:

- people on lower wages pay a lower rate of tax (slips 1 and 2)
- in general citizens cannot opt out of paying taxes, even if they do not use particular state services or object to how the government spends the money (slips 3 and 4)
- taxation can be used to promote certain government policies, such as environmental protection or policies on smoking, and alcohol or drugs abuse (slips 5, 6 and 8)
- there is an on-going tension between citizens' rights to keep and spend the money they earn and the duty to contribute to community well-being through taxation (slip 6).