

COMMUNICATION

Declaring taxes

LEVEL
Intermediate

NUMBER
EN_B2_3033X

LANGUAGE
English

Learning outcomes

- I can describe different employment types.
- I can explain some basic concepts related to the process of declaring taxes.



Warm-up

Discuss the questions below as a class.

What's the reason for paying taxes?



Do you know what taxes are spent on in your country?

What would happen in your country if everyone stopped paying taxes?



Vocabulary review

Review the vocabulary below related to taxes. Are you **familiar** with these words and phrases?



tax return

gross

penalty

income

profit

deduction

net

revenue



Multiple choice

- 1 An amount of money that you have to pay to the government, which is used to provide public services and pay for government institutions.

a. net	b. profit	c. tax	d. relief
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- 2 The money that remains from selling something after you have paid all your business costs.

a. net	b. profit	c. tax	d. relief
--------	-----------	--------	-----------
- 3 The total amount after taxes and costs have been removed.

a. net	b. profit	c. tax	d. relief
--------	-----------	--------	-----------
- 4 The right not to pay the full amount of tax or interest on an amount of money.

a. net	b. profit	c. tax	d. relief
--------	-----------	--------	-----------



Types of employees

Match the employee type in the red box to the correct description.

- 1 An employee recruited by an employer or a company for a limited period of time.
- 2 A person who is self-employed and hired to work for different companies on particular assignments.
- 3 An employee employed on average at least 30 hours of service per week.
- 4 An employee that carries fewer hours per week than a full-time job.

Freelancer

**Full-time
employee**

**Fixed-term
employee**

**Part-time
employee**



What type of employee are you?

You can complete this activity **in breakout rooms**. **Share** what you learned about your partner.

Which type of employee listed on the previous slide best describes your current position?



Have you had different types of employment over the course of your working life so far?

Reading: declaring your income

Read the text. **Answer** the questions below.

To **declare** means to state officially how much you have earned or how much property you own so that you can pay the correct amount of tax.

A **tax declaration** is a statement made to the **tax authorities** about your earnings during a particular year. It is used to calculate how much tax an individual will have to pay in a particular year. Criminal **penalties** are imposed for failure **to file** a locally-earned, income tax declaration.

You will need to send a **tax return** if you are self-employed, if you earn more than £100,000 or have complicated tax affairs, or if you are a company director or faith minister.

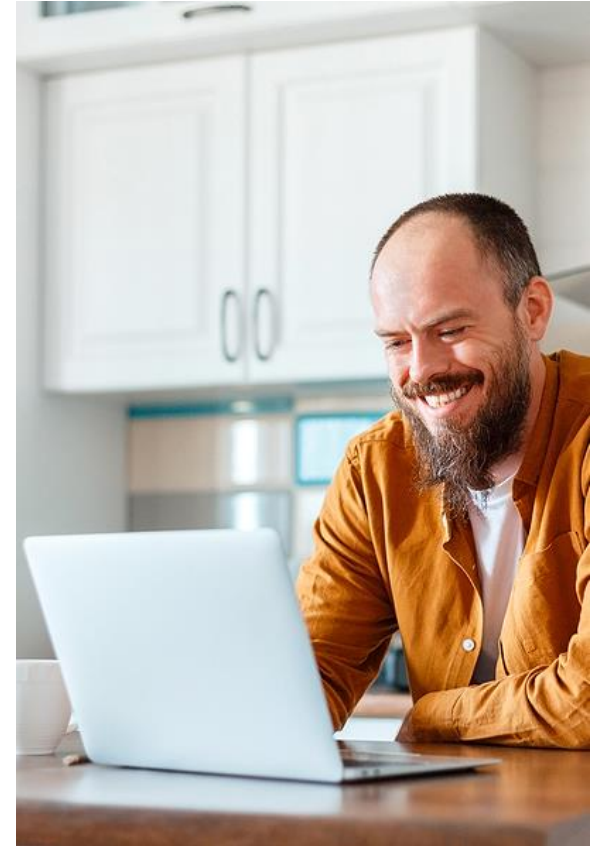
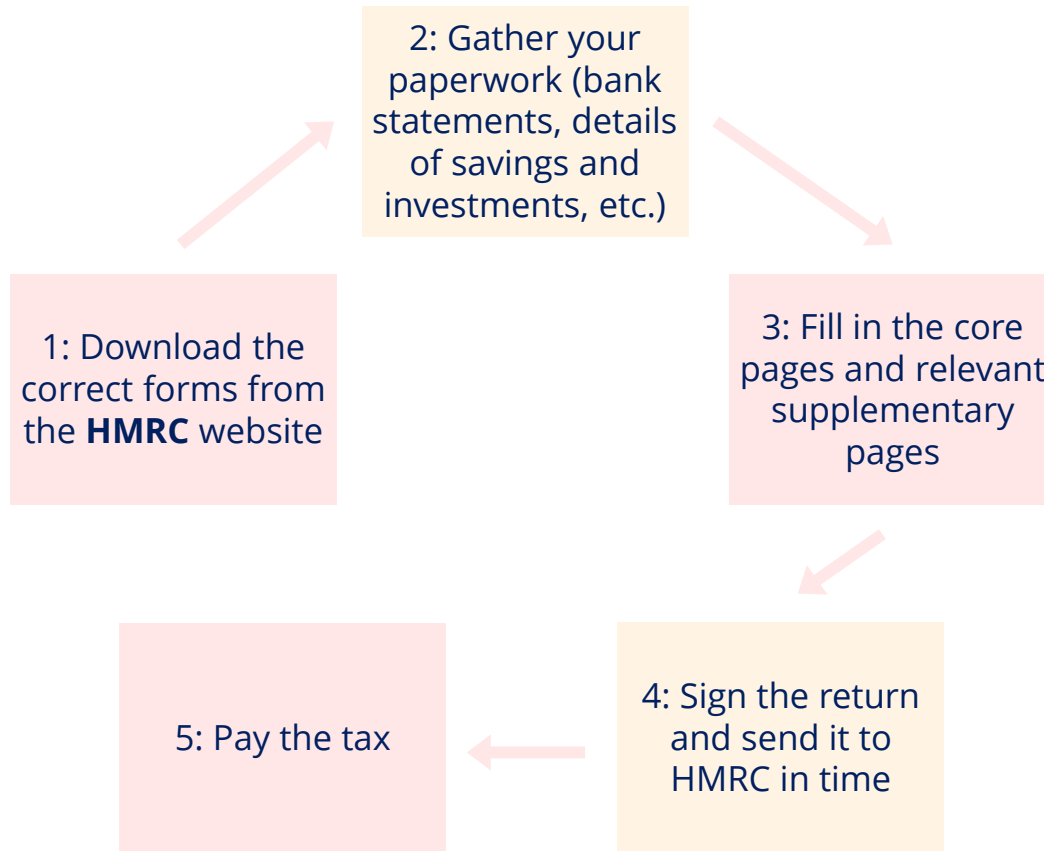
What is a tax declaration, otherwise known as a tax return?

What happens if a person doesn't file a tax declaration when they're supposed to?

Which people are required to send a tax return?

Steps for tax return

Read the steps below for filing a tax return. Do you know what **HMRC** stands for?



HMRC = His Majesty's
Revenue and Customs



HMRC

His Majesty's Revenue and Customs (HMRC) is the **British government department** responsible for **taxation** on goods that are bought or sold or brought into the country. HMRC collects both **direct taxes** and **indirect taxes**.

Direct taxes

Taxes that are paid to the government by **the tax payer**

Taxes applied on **individuals** and **organisations**

- Income tax
- Corporation tax
- Wealth tax

Indirect taxes

Taxes that are initially paid to the government by an **intermediary**, who then adds the amount of tax paid to the value of the goods and passes on the total amount to the end user.

Taxes that are imposed by governments on the manufacture or sales of **goods** and **services**

- Sales tax
- Service tax
- Excise duty



You need to keep those receipts for when **the taxman** comes knocking.

What does this sentence mean?
Is **the taxman** a real person?

What do you think the phrase meant historically?



Types of taxes



- A** This tax is paid by an individual based on his/her taxable income in a given fiscal year.
- B** This tax is charged on the sale of movable goods. The rates of taxation vary depending on the product type. VAT is collected by the central government.
- C** This tax is applicable on individuals or companies on the value of their assets in a given financial year on the date of valuation. Such wealth includes cars, jewellery, boats, urban land, etc.
- D** This tax is applicable on all services provided except a specified negative list of services that are exempt. It is paid by the service provider to the government.

Taxes on goods

Read the statements in the red box. **Answer** the related questions on the right.

- In the UK, the government **imposes higher taxes** on cigarettes and alcohol.
- **Duty-free** is a system of buying or selling goods at a cheaper price than usual. There is a duty-free at most airports.

- How much is a pack of cigarettes in your country?
- What do you think is the main reason for imposing higher taxes on certain goods?
- Are there any goods that are highly taxed in your country?
- Do you like to shop at the duty-free stores in the airport when you travel?
- Are goods much cheaper there than in retail stores?



Personal allowance

An **allowance** is an amount of money that you are officially allowed to earn **without having to pay tax on it**. How much income tax you pay in each tax year depends on how much of your income is above your personal allowance.

The rates below were for the year 2020.

Tax band	Taxable income	Tax rate
Personal allowance	<£11,850	0%
Basic rate	£11,851-£46,350	20%
Higher rate	£46,351-£150,000	40%
Additional rate	>£150,000	45%

More on taxes

Read the information below. **Answer** the questions.

PAYE and tax relief



Pay As You Earn (PAYE) is a system in the UK in which tax is taken from your salary before you receive it. Most employees paying tax under the PAYE system are not required to file a tax return, because the PAYE system operates to withhold the correct amount of tax from their wages or salaries.



Tax relief is a system that reduces the amount of tax owed by an individual or business. You can either pay less tax to take account of money you've spent on specific things, or get tax back or repaid in another way. You can claim money back for donations to charity, private pension contributions and work expenses.

Do PAYE employees need to file a tax return? Why or why not?

Does tax relief mean paying more or less tax?

In what situations can you claim money back?



Discuss

Have you ever filed a tax declaration? Was it a difficult process?

Have you ever received tax relief? Were you surprised or disappointed by how much you got back?

Would you like to have your taxes taken from your salary automatically, as in the PAYE system?

Do you think it's fair for those who earn more money to be taxed at higher rates?



End of the lesson

Idiom

death and taxes

Meaning: the unavoidable or inevitable things in life

Example: Nothing is certain, except for death and taxes.



Additional practice



Fill in the gaps

Complete the sentences using the words in the red box.

- 1 The company had to pay a _____ for late tax filing.
- 2 The company has posted a positive increase in _____ year on year.
- 3 _____ earned on your investments are subject to lower tax rates than on regular working income.
- 4 The company earned a _____ for donations it made throughout the year.
- 5 Your net income is usually more important than the _____, as the net amount is what you will take home.

gross
deduction
revenue
penalty
profits



Match the sentences parts

Match (1-4) to (a-d).

1 Before applying for a loan or line of credit, you need to declare

2 She has an automatic system which transfers

3 Since the interest rates have dropped over the past decade, it has also provided

4 The family has two homes – one in which they reside and another from which they

a part of her income to an investment account.

b collect rental income from those who rent it.

c your income as accurately as possible to the bank.

d credit relief to consumers who once had higher interest rates.



Full-time employee vs. freelancer

**Discuss the pros and cons of each type of employment.
How are they different from each other?**

1



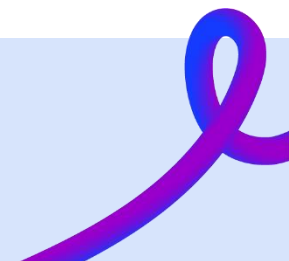
Joel is a full-time computer engineer. His usual working hours are from 9 to 6 every weekday. He gets three weeks paid vacation at the end of the year.



2



Sarah is a freelance French-English translator. She doesn't have fixed working hours and can do her job whenever and wherever she wants, as long as she completes her projects by the deadline.





Answer key

P.5: 1. (c) 2. (b) 3. (a) 4. (d)

P.6: 1. Fixed-term employee 2. Freelancer 3. Full-time employee 4. Part-time employee

P.12: 1. (c) 2. (a) 3. (b) 4. (d)

P.20: 1. penalty 2. revenue 3. profits 4. deduction 5. gross

P.21: 1. (c) 2. (a) 3. (d) 4. (b)



Summary

Vocabulary for taxes:

- *tax return; penalty; profit; net; gross; income; deduction; revenue; to declare; tax authorities; to file*
- *We should **file** a **tax return** every year.*
- *I **declare** all of my **income** to the **tax authorities**.*

Types of employment:

- *freelancer; full-time employee; fixed-term employee; part-time employee*
- *Helen is a **freelancer** and she works for several companies.*
- *Bob is a **part-time employee**. He works two days per week.*



Vocabulary

tax return

penalty

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to declare

tax authorities

to file



Notes

