



Taxation Module

Topic 1 Tax Aotearoa 101

THEME Managing my money

Name:

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Nau mai haere mai!

Welcome to Tax Aotearoa 101

Everyone in Aotearoa New Zealand needs to pay tax on income they earn, whether they're an individual, business, or an organisation. Most taxes are paid to Inland Revenue (IR) which is the Government's tax department.

Paying tax is not a punishment, it's a responsibility



In this topic you will explore:

- **Section One:** Why does Aotearoa New Zealand need a revenue system?
- **Section Two:** How is our tax money spent?
- **Section Three:** How do my taxes contribute to the wellbeing of others?

The topic will support you with:



TAX Facts

The key ideas you need to know about the tax system in Aotearoa New Zealand.



TAX Chats

Ideas or questions that you can discuss with other students. These will challenge you to think about different ideas and perspectives about the tax system.



TAX Tasks

Tasks that will help you learn about the tax system and how decisions are made about the spending of taxes.



TAX Checkpoints

Questions to check that you are on track with your learning.



TAX Assessment Task

You will select one task to demonstrate your understanding of the topic.



TAX Smart

An assessment rubric for you to assess your own outcomes.



Introduction

This topic develops your understanding of how the tax system works in Aotearoa New Zealand, including how tax is paid, collected, and used.

Learning Outcomes

After completing this topic you will be able to:

- ✓ Explain why Aotearoa New Zealand has a revenue system
- ✓ Explain the purpose of an IRD number
- ✓ Describe situations that require you to have an IRD number.
- ✓ Explain the purpose of an IRD number
- ✓ Describe situations that require you to have an IRD number
- ✓ Explain how the taxes you pay contributes to the wellbeing of others.

Success criteria

At the end of this topic you will select a task to complete for your assessment, so it is important to complete all sections. To support your learning outcomes it is important to complete the TAX Facts, TAX Chats, TAX Checkpoints and TAX Tasks so you can demonstrate your understanding of how tax works in Aotearoa New Zealand.

To be successful you will need to:

- ✓ Identify and discuss key concepts about the tax system
- ✓ Identify and appropriately use key tax related vocabulary
- ✓ Show evidence that you understand the topic
- ✓ Show evidence that you have accessed the Inland Revenue website for information.

Section One:

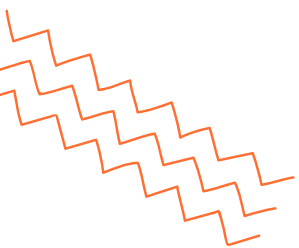
Why does Aotearoa New Zealand need a revenue system?

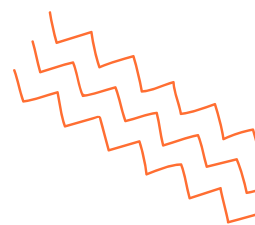
Learning Outcomes for Section One

- ✓ Explain why Aotearoa New Zealand has a revenue system
- ✓ Explain the purpose of an IRD number
- ✓ Describe situations that require you to have an IRD number.

Success criteria

- ✓ I can explain how taxes support major services and infrastructure within Aotearoa New Zealand
- ✓ I can explain how to apply for an IRD number and how to access the IRD website to do so.





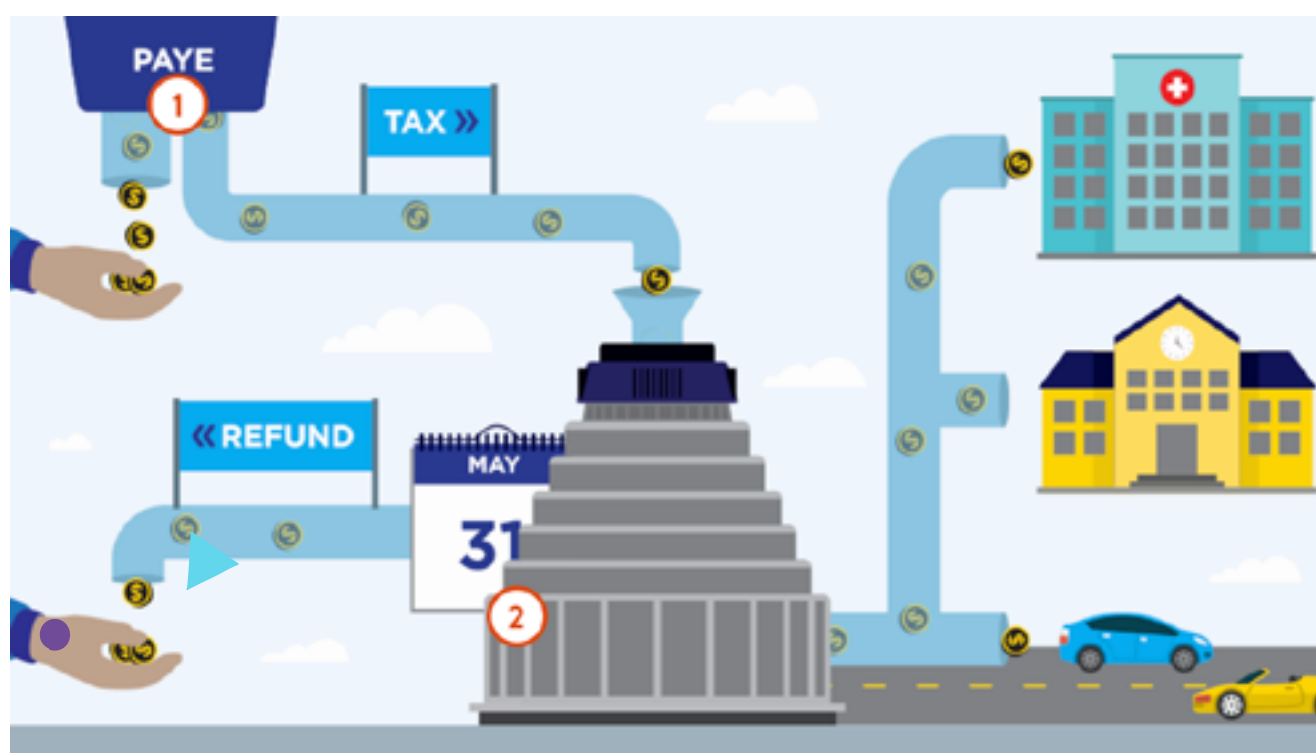
TAX Facts

Tax is money that is paid to the government. The Inland Revenue Department (IR) collects taxes. The New Zealand government relies on these taxes to provide support and improve services for the wellbeing of everyone.

Our taxes pay for things like:

- Government agencies
- Supporting emergency services including police, firefighters, search and rescue and ambulance
- Public services such as hospitals and schools
- Salaries of government workers
- Building and maintaining highways and other major roads
- Public places, national parks, and areas of conservation.

There are times when the government has to borrow money to fund big projects or unexpected events like natural disasters. This means that as a country we go into debt. An example of this is the Covid 19 pandemic. This was an unexpected expense; the government had to pay for testing, managed isolation, returning flights for New Zealanders, training of frontline staff, increasing hospital supplies and vaccines. A country can have debt just like you can as an individual, and taxes help to reduce the debt we have as a country.



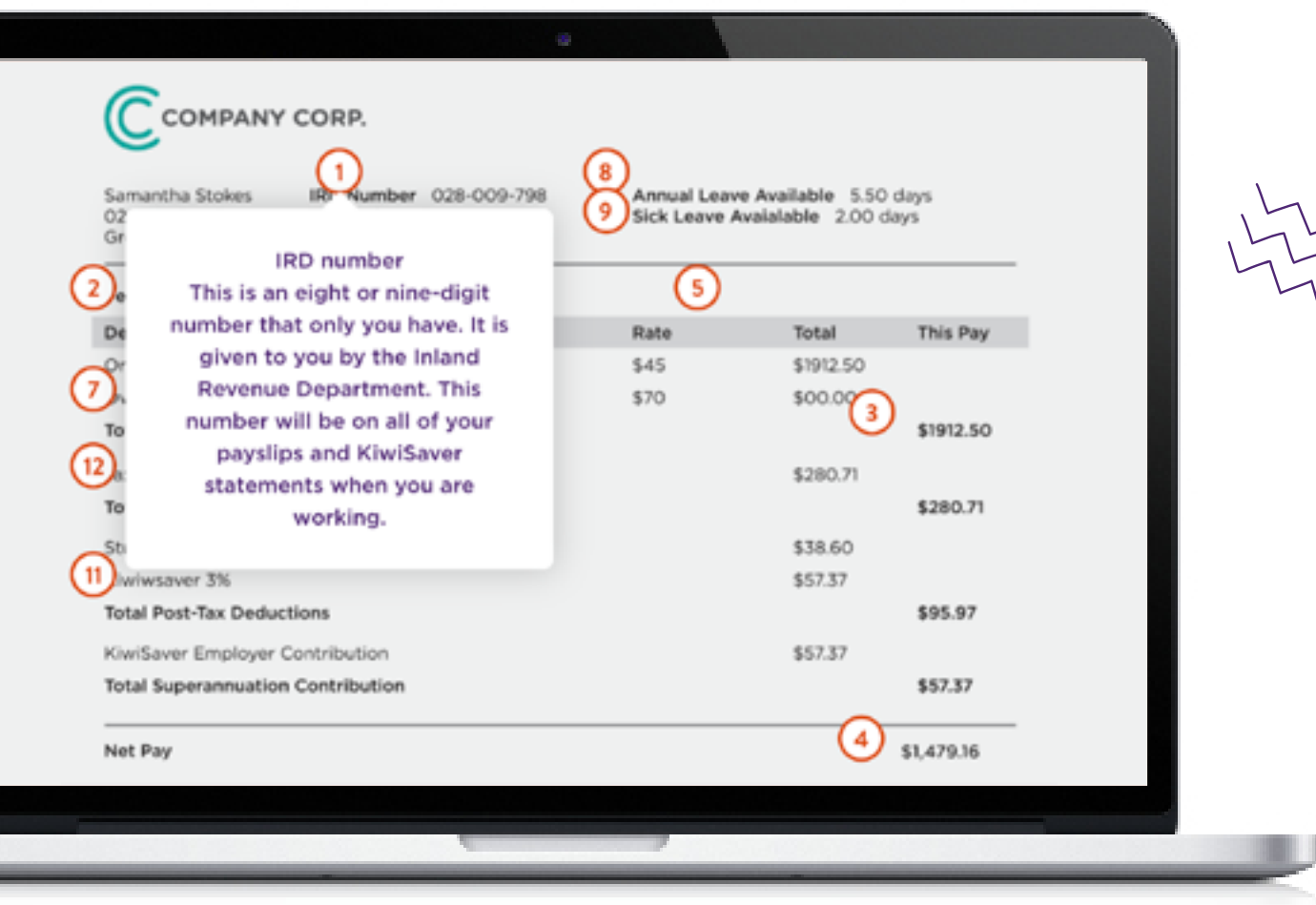
What is an IRD Number?

IR stands for Inland Revenue Department. Your IRD number is a number that is unique to you. It is used to identify you and is a bit like a fingerprint. Your IRD number keeps track of the tax you pay and helps to ensure you pay the right amount and get the right entitlements.

You need an IRD number when you:

- Earn money (for example, from a job, benefit or superannuation)
- Open a bank account or join KiwiSaver
- File a tax return
- Apply for a student loan, ACC payments, child support, or any benefit
- Purchase or sell property in Aotearoa New Zealand.





How do I get an IRD number?

You get your IRD number from Inland Revenue. If you earn income in Aotearoa New Zealand, you need an IRD number. There are different tax rates depending on the amount you earn and whether you are an individual or not. If you don't have an IRD number, you are taxed at the highest tax rate so it is important that you have one.

You may already have an IRD number if your parents have enrolled you in KiwiSaver.

You can also apply for an IRD number online when you start work.

Everything you need to know about IRD numbers

Check out what Inland Revenue has to say about IRD numbers:

Managing my IRD number.



TAX Checkpoint

Let's see what you have learned so far.

1) Explain why it is important that we collect taxes in Aotearoa New Zealand.

2) Explain how your taxes benefit the wellbeing of all New Zealanders and give examples of this.

3) Explain when you might need an IRD number?

4) Where can you apply to get an IRD number from?

Before moving on to Section Two, check that you understand:

- ☐ Explain how taxes support major services and infrastructure within Aotearoa New Zealand
- ☐ Explain how to apply for an IRD number and how to access the IRD website to do so.

Section Two: How is our tax money spent?

Learning Outcomes for Section Two

- ✓ Explain what tax is used for in Aotearoa New Zealand.

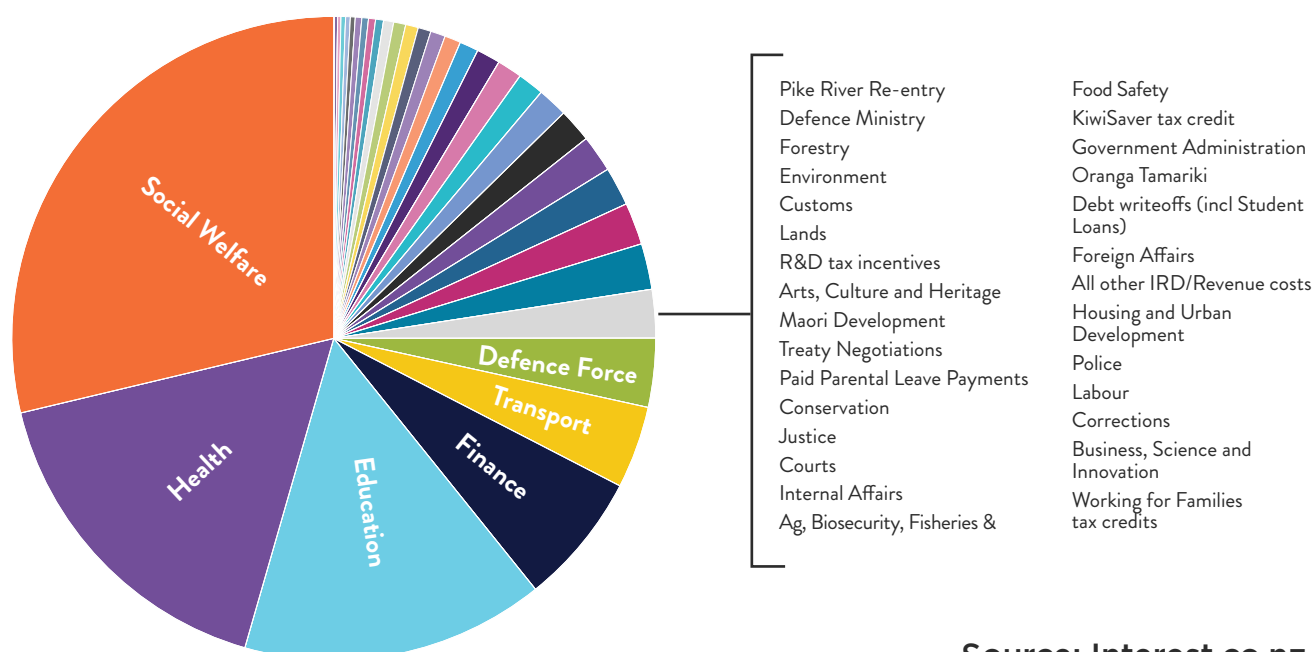
Success criteria

- ✓ I can list examples of how tax revenue is spent in Aotearoa New Zealand.



Budget 2020-21

Each year the government prepares a budget to advise the public how the money collected as tax is to be spent in each sector:



Source: Interest.co.nz

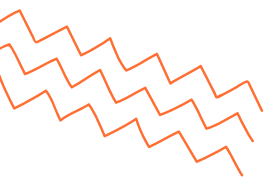
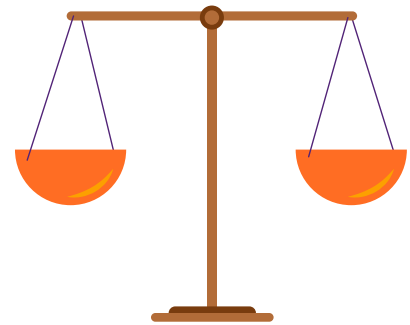
	Budget 2020/21	%
	NZ\$m	
Pike River Re-entry	7.4	0.00%
Defence Ministry	23.6	0.00%
Forestry	188.5	0.10%
Environment	194	0.20%
Customs	262.4	0.20%
Lands	271.7	0.20%
R&D tax incentives	281	0.20%
Arts, Culture and Heritage	373.3	0.30%
Maori Development	382	0.30%
Treaty Negotiations	406.9	0.30%
Paid Parental Leave Payments	455	0.40%
Conservation	586.6	0.50%
Justice	697.7	0.50%
Courts	732.4	0.60%
Internal Affairs	744.9	0.60%
Ag, Biosecurity, Fisheries & Food Safety	853.1	0.70%
KiwiSaver tax credit	930	0.70%
Government Administration	1,093.70	0.80%
Oranga Tamariki	1,372.70	1.10%
Debt writeoffs (incl Student Loans)	1,438.00	1.10%

	Budget 2020/21	%
	NZ\$m	
Foreign Affairs	1,516.50	1.20%
Housing and Urban Development	1,941.60	1.50%
Police	2,132.20	1.70%
Labour	2,233.50	1.70%
Corrections	2,429.30	1.90%
Business, Science and Innovation	2,646.80	2.10%
Working for Families tax credits	2,792.00	2.20%
Defence Force	3,971.20	3.10%
Transport	4,750.40	3.70%
Finance	7,638.40	5.90%
Education	17,508.50	13.60%
Health	19,335.40	15.00%
Social Welfare	33,014.20	25.60%
Total Expenditure	\$129,109	100%
GDP (nominal, per RBNZ)	\$292,000	
Govt spending as % of GDP	44.20%	
and this compares with taxes collected as follows:		
Total Revenues	93,459	

TAX Chats

In groups use the information above to discuss the following questions:

1. What is the proposed spend by the government for the 2020/2021 budget?
2. Why do you think there has been no budget for the Christchurch Earthquake Recovery since the 2015/2016 budget period?
3. **Why do you think there was no money spent before the 2018/2019 budget for research and development (R&D) tax incentives?**
4. Discuss something about the budget that you find interesting.
5. Which sector has received the largest increase in funding since the 2015/2016 budget period? Explain why this might be.





TAX Task 1: The decisions makers

In pairs, spend five minutes discussing this question:

What are some current issues that concern you both in your local community and nationally?

Issues or areas of concern could be linked to these categories: mental health, physical health, basic needs, social issues, religion, economics, the environment, business, culture, employment, the past and the future.

Once you have discussed these issues and areas of concern, compose a priority list. Put the main concerns at the top and rank them down to the lowest priority concerns at the bottom of the list.

Imagine you are a decision-maker. If there was only enough funding for one of each pair of issues below, for the following year, which one would you choose and why?

Your teacher will give you instructions about this decision-making activity.

Should we fund:

- Education or transport?
- Environmental issues or mental health?
- Housing for the homeless or bringing home New Zealanders who are stranded in other countries because of Covid issues?
- Customs (border control) or fund Māori land issues?
- Immigration or policing?

Before moving on to Section Three, check that you understand:

- ☐ List examples of how tax revenue is spent in Aotearoa New Zealand.

Section Three:

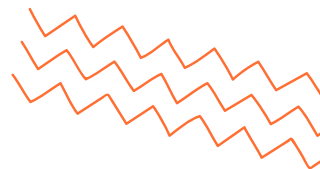
How do the taxes I pay contribute to the wellbeing of others?

Learning Outcomes for Section Three

- ✓ Describe how taxation contributes to the overall wellbeing of Aotearoa New Zealand
- ✓ Explain how the taxes you pay contributes to the wellbeing of others.

Success criteria

- ✓ I can give examples of how your income supports the infrastructure and services within your local community.



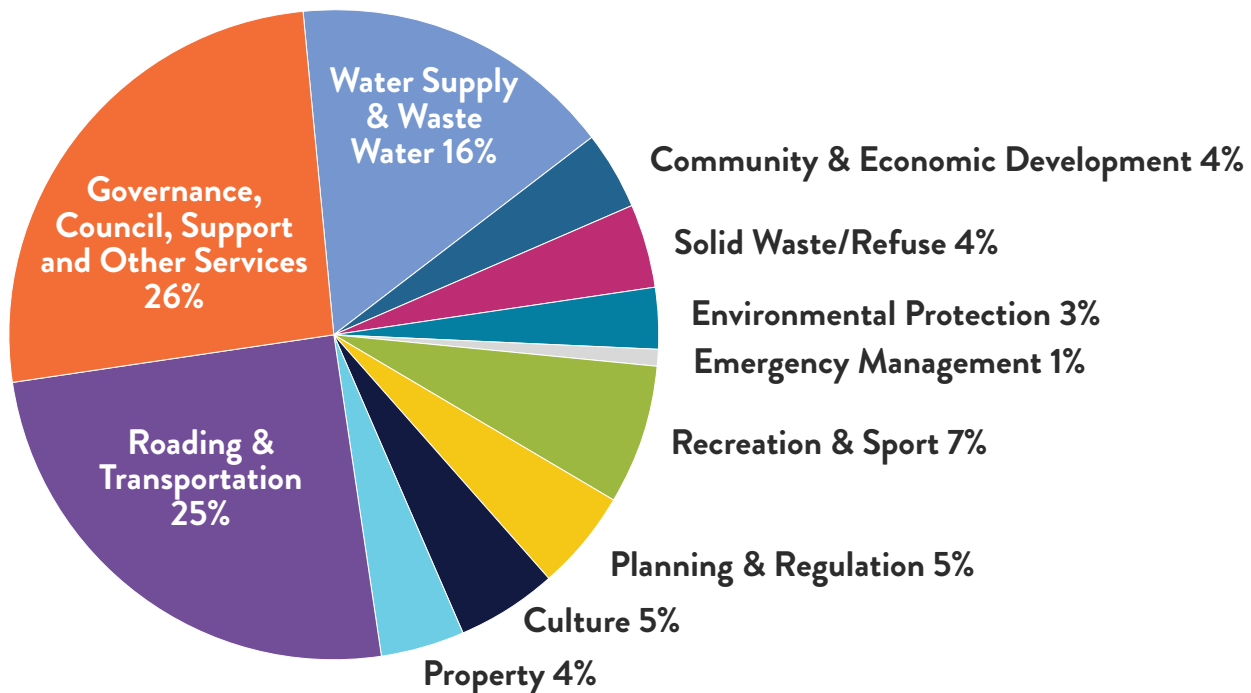
Local Government Taxes

Taxes pay for services and facilities in your community. This money is distributed by local government, which is also known as the council.



TAX Task 2a: How does your local council spend your taxes?

Find your local council website. Research what your council spent money on last year and note the top five areas of funding. Compare your research with a peer and discuss your findings. You will find data similar to this graph on the website of your local council.



Source: www.localcouncils.govt.nz

Find your local council on the local government website

Local taxes

Local councils tax residents' properties so to generate income to support community projects. These projects might include extra facilities for young people, holiday recreation programmes, homeless initiatives, foodbanks, marae initiatives, church-based community programmes, local environmental projects, and improving facilities such as roading, water, and waste upgrades.

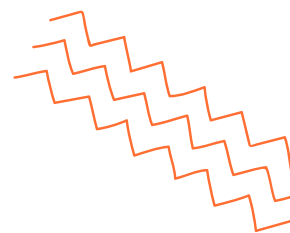


TAX Facts

Read these articles which describe local government initiatives for collecting taxes.

Toll bridges are a way of collecting extra revenue to put back into developing roading and transport systems.

Toilet tax is extra revenue that can be collected by taxing the wastewater from each toilet. This money can go into upgrading existing wastewater systems.





TAX Chat: What should be charged?

If the rest of the country is fully funded by government money, is it fair that some towns or cities charge their residents extra to fund the future growth and development of the local area? Discuss this.

Council rates are a tax that property owners pay based on the value of their property. Council rates are a way for the local government to fund services for their communities. Be careful not to confuse council rates (a tax applied to property owners that are collected by the local council) with rates (the percentage of tax paid, for example, the rate of GST is 15%).

Check out if your council planning is proposing any rate changes.

How much is your council proposing to increase rates?

How much is your council going to hike up rates?

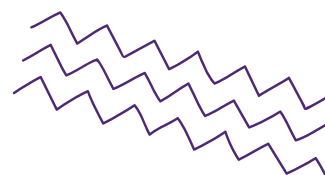
Residents have expectations that some services like libraries, art galleries, swimming pools and water should be free of charge; however, these services incur a cost to operate. Local councils can charge for these services to provide an income source to pay for other facilities and infrastructure. Do you think that these services should be free?

Did you know there are some local government charges that not everyone agrees with? What are your thoughts on the charges described in these three articles? Discuss in small groups.

Christchurch council votes 11-6 to implement excess water use charge

Who pays the highest rates in New Zealand?

Fuel taxes are another way that some local governments collect revenue to support roading development. The 11.5 cents per litre tax was introduced by Auckland Council in 2018 to pay for some of the biggest transport upgrades needed for the growing city. **Check fuel rebates and taxes.**





TAX Task 2b: Community Snapshot

All residents in your local community over the age of 18 can have a say in how they believe the funding in your area should be spent. Your local Member of Parliament (MP), as well as your regional council, offer opportunities to attend meetings and voice your opinion through surveys.

Your task is to create a survey about what people in your community feel are top priority areas that require funding at the local government level.

Collate the responses and rank them until you have the top 5 main issues from your group of interviewees for each age category.

Community Snapshot Resource

Select **three** people to interview and get a mix from across the ages.

For example, you may interview someone your age from your class; a parent; a family, whānau, aiga or kāinga member; a neighbour; or another adult you know.

Send them the interview form to complete online or ring them to interview them over the phone.

1. Similar age to you	2. 20-30 years	3. 30-40 years	4. 40-50 years	5. 50-60 years	6. Over 60
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Example	
List top 5 areas that you think require funding as a priority in our community	Possible solutions
Our water supplies have been found to have higher levels of nitrate than is suggested to be a safe level of consumption.	All farms and water runoff to waterways to be regularly tested. Funding to go into the resources to do this. Businesses to be taxed if they are found to be continually ignoring their waste runoff issue. This money will go towards making our water supply safer for consumption.

Interviewee 1

Age Category:

List top 5 areas that you think require funding as a priority in our community

Possible solutions

1.

1.

2.

2.

3.

3.

4.

4.

5.

5.

Interviewee 2

Age Category:

List top 5 areas that you think require funding as a priority in our community

Possible solutions

1.

1.

2.

2.

3.

3.

4.

4.

5.

5.

Interviewee 3

Age Category:

List top 5 areas that you think require funding as a priority in our community

Possible solutions

1.

1.

2.

2.

3.

3.

4.

4.

5.

5.

Consequences – what if the local government withdrew funding to support local issues?

Using the data collected from the above interview, rank and identify the top five issues the interviewees want to be funded or think should have more funding. Complete the table.

What would the immediate, short term and long term impacts be if funding for the five top issues/concerns was withdrawn?

Local Issue	Immediate Impact	Short term Impact	Long term Impact



TAX Chats

Your teacher will give you instructions about completing this activity.

- Should homeless people in our area be given more support? Explain
- Should we encourage future development in our area? Explain
- Should we have the right to expect our drinking water to be safe? Explain
- Should we be able to expect that jobs will be available for those who want to work? Explain
- Should the youth in our community have better recreational facilities available to them? Explain.

What should be taxed?

Did you know there are some taxes that not everyone agrees with? What are your thoughts on these taxes? Discuss in a group.

Kiwis will pay the penalty for polluting utes under the new policy AA say

Government to double bright-line test and interest writeoff in war on property speculation, will spend \$3.8b on new supply



TAX Checkpoint

Let's see what you have learned so far.

1) Describe ways your income tax benefits spending in your local area.

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.....

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2) Share and explain examples of how you, your family members, whānau, aiga, or kāinga have benefited directly from a facility or infrastructure funded within your community

.....

.....

.....

.....

3) What were the key issues that your interviewees decided were priority areas for funding. Explain why?

.....

.....

.....

Before moving on to your assessment, check that you understand:

- ☐ Give examples of how your income supports the infrastructure and services within your local community.



TAX Assessment Task

This assessment provides an opportunity for you to demonstrate your understanding of how our tax system works in Aotearoa New Zealand. Before you start, read the TAX Smart rubric to see how you will be assessed.

Select a task that best shows that you can:

- Explain why Aotearoa New Zealand has a revenue system
- Identify what tax is used for in Aotearoa New Zealand
- Describe how taxation contributes to the overall wellbeing of Aotearoa New Zealand
- Explain how the taxes you pay contribute to the wellbeing of others (individuals / whānau / groups / iwi / hapū)
- Explain the purpose of an IRD number
- Identify multiple situations which require you to have an IRD number.

Select one of the tasks :

	<p>Statistical Inquiry</p> <p>Using an online survey tool</p> <p>Analyse the results of your Community Snapshot and prepare it as a presentation to your local council. Giving supporting evidence about our tax system.</p>
	<p>Political Debate</p> <p><u>Visit Parliament virtually</u> and attend a debate in the debating chamber. In teams of six, prepare a class debate using one of the suggested topics in the 'Decision Makers' Task. Follow correct debating guidelines.</p>
	<p>A digital visual resource</p> <p>that can be shared in your school and with your family members, whānau, aiga or kāinga e.g. presentation, documentary, video, advertisement.</p>
	<p>A speech</p> <p>that can be delivered by the Minister of Revenue (who is responsible for the Inland Revenue Department). This speech will be made into a podcast for students to listen to.</p>
	<p>A TAX Aotearoa 101 Information Booklet</p> <p>that can be used for new immigrants coming into Aotearoa New Zealand. This can be in another language.</p>



TAX Smart: Assessment for learning

This self-assessment provides an opportunity for you to demonstrate your understanding of how the tax system works in Aotearoa New Zealand.

This rubric is for you to identify where you are, what you are doing and your next steps. You can opt to attach evidence to your outcomes.

Complete this rubric by highlighting the outcomes you have achieved and either attaching it to your task electronically or downloading a copy. This evidence might come from some learning during the topic or a link to part of your assessment task.

Examples of evidence:



TAX Chats - Written outcomes based on the conversation starters and questions around the tax system



TAX Tasks - Screenshot / photograph your outcomes / hyperlink. Examples might include some of the analysis from your Community Snapshot or your Decision Makers tasks.



Capability – Manage Money and Income

Outcome	Learning to be TAX Smart	TAX Smart Ready	TAX Smart Proficient	TAX Smart Expert
<p>Explain why Aotearoa New Zealand has a revenue system. Understand what tax is used for in Aotearoa New Zealand and give examples</p> <p>Explain how taxes contribute to the overall wellbeing of Aotearoa New Zealand</p>	<p>I can state how our tax system works and why Aotearoa New Zealand has a tax revenue system.</p> <p>I can list examples of how tax revenue is spent in Aotearoa New Zealand.</p>	<p>I can give several examples of how tax revenue income supports infrastructure and services within Aotearoa New Zealand.</p> <p>I can describe why this revenue is important to different sectors.</p>	<p>I am TAX Smart Ready.</p> <p>+</p> <p>I can explain how taxes support major services and infrastructure within Aotearoa New Zealand.</p> <p>+</p> <p>I can analyse what would happen if tax revenue was withdrawn from major services and infrastructure within Aotearoa New Zealand.</p>	<p>I am a TAX Smart Proficient.</p> <p>+</p> <p>I can justify how taxation contributes to the overall wellbeing of Aotearoa New Zealand.</p> <p>or</p> <p>I can evaluate if our revenue system is a fair system for the overall wellbeing of Aotearoa New Zealand.</p>
<p>Explain how the taxes you pay contributes to the wellbeing of others (individuals / whānau / groups / iwi / hapū)</p>	<p>I can describe in general terms what taxes pay for, but I cannot give specific examples of how my income benefits others within my local community. (Local government level)</p>	<p>I can give several examples of how my income supports the infrastructure and services within my local community. (Local government level)</p>	<p>I am TAX Smart Ready.</p> <p>+</p> <p>I can give examples of how my income has directly benefited a family, whānau, aiga or kāinga member.</p> <p>I can analyse the results of the My Community snapshot task.</p>	<p>I am a TAX Smart Proficient.</p> <p>+</p> <p>I can judge what spending should be spent on after analysing my survey and ascertaining the community's current needs for future spending.</p>
<p>Explain the purpose of an IRD number and can describe situations that require you to have an IRD number</p>	<p>I can state what an IRD number is.</p>	<p>I can describe situations when you need to use your IRD number.</p> <p>I can state who issues IRD numbers.</p> <p>I can describe what happens if I do not have an IRD number when I start working.</p>	<p>I am TAX Ready.</p> <p>+</p> <p>I can explain how to apply for an IRD number and how to access the IRD website to do so.</p>	<p>I am a TAX Smart Proficient.</p> <p>+</p> <p>I can show others in my family, whānau, aiga or kāinga and I can support them in the process.</p> <p>I can sign up for my own IRD number and summarise the process to share with someone.</p>

Te whai hua - kia ora!



Notes:

For more information, please visit sortedinschools.org.nz