

This mark will  
be given to  
you later by  
your teacher!!

# Business Taxation

## How do governments get money?

Governments can get money in three ways. They can print it (but this leads to inflation), they can borrow it (but they'll need to pay it back), and they can collect taxes from their citizens. Taxation is the most sensible way to pay for services that everybody needs.

Match the way the government can get money to its consequence.

print money

need to pay it back

borrow money

most sensible

taxation

leads to inflation

# TAX

Not all *goods* and *services* are provided by companies. Some are provided by *governments*. One of the biggest decisions a government has to make is whether to provide a service (such as healthcare or education) to its citizens and fund it through a TAX, or cut taxes and let people buy it themselves from a private company.

## DO THIS

Governments can use taxes to change people's behavior. To discourage smoking they can charge high taxes on cigarettes. To encourage us to eat more fresh food they can do away with tax on food.

## DO THAT

If the government wants to encourage computer manufacturers, it might offer tax breaks (reduced taxes) for IT companies. This lowers the cost so more people set up IT companies.

## PAY THIS

Making tax fair is something governments struggle with. Supposing Bob has \$10,000 and Rob has \$1 million. The government can demand a tax of \$1,000 from both Bob and Rob...

## PAY THAT

... or it can demand 10 percent of what they each have, in which case Bob still pays \$1,000 but Rob pays \$100,000. Which system is fairer? There's no simple answer.



# What is TAX?

Just VISITING	Airports	ROAD TAX	Railroads	Roads
Nurseries	<p><b>But I don't pay tax!</b> Adults pay taxes on their earnings, but we all pay tax on the things we buy. When you buy most things, some of the price you pay goes to the government.</p> <p>I'm a child. I don't pay tax!</p> <p><b>TAXES</b></p> <p>"In this world nothing can be said to be certain, except <i>death</i> and <i>TAXES</i>" Benjamin Franklin 1706-1790</p> <p><b>USES FOR YOUR TAXES</b> Taxes help pay for the army, colleges and universities, dentists, doctors, firefighters, foreign aid, garbage collection, hospitals, the legal system, museums, the navy, nurseries, parks, pensions, police, prisons, railroads, roads, schools, social security, sports facilities, and traffic wardens.</p>			
Sports facilities	Emergency services	SUPER TAX	Traffic wardens	Energy
Education				
Colleges				
Public transportation				
INCOME TAX				
Pensions				

Foreign aid	SALES TAX	Military	Police	FREE PARKING
<p>I'm the tax man. I'm not popular, but without me there would be no schools, hospitals, or roads. The country <i>needs</i> me!</p> <p><b>Types of tax</b> We generally pay a low rate of tax, or no tax, on things like bread and milk. We pay an extra tax, called sales tax, on most other goods and services.</p> <p><b>TAXES</b></p>				Healthcare
				?
				Social services
				Hospitals
				Farm subsidies
				Waste
				Museums
				Water treatment
				Parks
Law courts	LOCAL TAX	Social workers	Prisons	GO TO JAIL

**In your own words - what do  
you remember?**

*click here*

