

Madi's Money Mission: Cracking the Australian Tax Code

Materials Needed:

- A computer with internet access
- A calculator (the one on the computer or a phone is fine)
- A notebook and pen
- Access to the Australian Taxation Office (ATO) website, specifically the pages for:
 - Current Individual income tax rates
 - Simple tax calculator

Lesson Plan

Part 1: The "Why" of Tax - Your Country, Your Say! (15 minutes)

Goal: To understand that tax is not just about numbers; it's about building the society we live in.

1. **Opening Question:** Let's start with a big idea. Imagine you're in charge of Australia's national budget of \$680 billion. What are the top three most important things you would spend that money on and why? (e.g., hospitals, schools, roads, defense, environmental protection, arts). Write them down in your notebook.
2. **Connecting the Dots:** We'll quickly discuss your choices. This is the whole point of taxation! Taxes are the money the government collects from people and businesses to pay for all the things a country needs to function. It's our collective investment in our community.
3. **Key Vocabulary, Simplified:**
 - **Taxable Income:** The amount of your income that you actually pay tax on (after deductions). Think of it as the slice of your pizza that you share, not the whole pizza.
 - **Tax File Number (TFN):** Your unique number in the tax system. It's like your account number with "Team Australia."
 - **PAYG (Pay As You Go):** For employees, this is where your employer holds back a bit of tax from each paycheck to send to the ATO. This stops you from getting a giant tax bill at the end of the year.
 - **GST (Goods and Services Tax):** The 10% tax added to the price of most things you buy. Businesses collect this for the government.

Part 2: You're a Business Mogul! The "Madi's Marvelous Creations" Simulation (45 minutes)

Goal: To apply tax principles in a creative, hands-on business scenario and understand the difference between revenue, profit, and taxable income.

The Scenario: You've decided to start a small online business: "Madi's Marvelous Creations," where you sell custom-designed phone cases.

1. **Let's Talk Money IN (Revenue):**
 - In your first month, you were a hit! You sold 50 phone cases at \$30 each.
 - **Task:** Calculate your total sales revenue for the month in your notebook. (50 cases x \$30/case = ?)

2. Let's Talk Money OUT (Expenses):

- A business has costs! Let's list yours for the month:
- Plain phone cases to decorate: \$500
- Art supplies (special paints, sealant): \$150
- Shipping materials (boxes, labels): \$100
- Website hosting fee: \$25
- **Task:** Calculate your total business expenses for the month.

3. The Bottom Line (Profit):

- Your profit is what's left after you pay your bills. The formula is: **Revenue - Expenses = Profit.**
- **Task:** Calculate your profit for the month. This profit is your **taxable income.**

4. Calculating the Tax:

- The ATO wants to know your yearly income, so let's pretend you have this same successful month 12 times in a row.
- **Task 1:** Calculate your estimated annual profit (Monthly Profit x 12).
- **Task 2:** Open the ATO's "Individual income tax rates" page. Find which tax bracket your annual profit falls into.
- **Task 3:** Follow the instructions for that bracket to calculate the total estimated tax you would owe for the year. For example, for the \$18,201-\$45,000 bracket, the tax is "19 cents for each \$1 over \$18,200."

Part 3: The Creative Challenge - Pitch a New Tax! (30 minutes)

Goal: To think critically and creatively about the purpose, fairness, and consequences of taxation.

The Scenario: The Australian Treasurer has heard about your sharp financial mind and wants your advice. Your mission is to propose a brand-new tax for Australia. Be innovative!

1. **Brainstorm:** Think of something that isn't currently taxed in a special way. Ideas to get you started:
 - A "Fast Fashion" tax to discourage disposable clothing?
 - A "Robot" tax on companies that replace human jobs with automation?
 - A "Digital Advertising" tax on giant tech companies?
2. **Develop Your Pitch:** In your notebook, structure your proposal. Answer these questions:
 - **What is the name of your tax?** (e.g., The "Eco-Wear Levy")
 - **What exactly does it tax, and at what rate?** (e.g., A \$1 tax on every item of clothing costing less than \$20).
 - **What is its purpose?** Where would the money go? (e.g., To fund textile recycling programs and support local Australian designers).
 - **Who would be the biggest supporters of your tax? Who would be against it?** Think about the pros and cons.
3. **Prepare to Present:** Get ready to explain your idea clearly in a 3-5 minute verbal pitch. Be persuasive!

Part 4: Final Report & Reflection (15 minutes)

Goal: To consolidate learning and connect it back to the real world.

1. **Business Debrief:** We will quickly review your calculations for "Madi's Marvelous Creations." We'll check the revenue, profit, and final tax calculation together. This is a chance to fix any mistakes and ask questions.
2. **Pitch Presentation:** You will now present your "Pitch a New Tax!" proposal. I will act as the

Treasurer, listening carefully and maybe asking a follow-up question or two.

3. Reflection Questions:

- What was the most surprising thing you learned today?
 - After running your own "business," do you see tax differently? How?
 - Look back at your answer to the very first question. Does knowing how tax works change what you think the government should spend money on?
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Extension Activity (Optional)

Use the ATO's "Simple tax calculator." Enter your estimated annual profit from the "Madi's Marvelous Creations" simulation. Does the calculator's result match your manual calculation? Why might they be slightly different? (Hint: The online calculator might include things like tax offsets, which are like special discounts on your tax bill).