



## Course: “Digital Tax Education and Tax Payments”

### Microlearning Clips

#### Clip 6: “What happens if you don’t pay your taxes”

##### Clip Scenario

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## 1. Introduction

### 1.1. What happens if you don't pay your taxes

→ the character 2QT will appear on the screen

2QT: Hello. My name is 2QT. I am an intergalactic fashion designer. I design rocket-propelled clothes.

2QT: I came to planet Earth because I am fascinated by your shoes. I have a great idea. I can design rocket-propelled shoes!

2QT: **Europeans love shoes. I will make my shoes in the European Union!**

→ starts getting information on the subject and comes across the idea of “paying taxes”

- can't get his alien head around it, needs to investigate further

→ taxes a look at what humans do about taxation

- 2QT's thoughts are displayed as text on the screen.

2QT: **But if I set up a business, I'll have to pay taxes.**

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**Voice:** Do you know what happens if you DON'T pay your taxes?

## 2. Evading taxes and the Shadow Economy

### 2.1. How people try to evade taxes

- (Animation) A factory where they make counterfeit consumer goods. Three people next to a conveyer belt, packing fake sports shoes into boxes.
- 2QT: My rocket shoe factory will look like this!
- Paul, the auditor: I am a financial auditor and I can tell you that this factory is making fake shoes. You won't be making fakes, will you? You won't be part of the **Shadow Economy!**
- 2QT: What do you mean?
- Paul, the auditor: The factory owner copies famous brands of shoes and pretends their shoes are the real thing. They are **not honest** about their activities. They don't want to be noticed. That's the **Shadow Economy.**
- The director of the company appears in a store selling the boxes under the counter to different people. He puts the money he receives in his pocket.
- 2QT and an auditor appear in front of the scene. The director takes the money and leaves. On the left side of the screen is a counter with a pair of shoes

→ 2QT: The shoes look great! And they're cheap! What's the problem?



- Paul, the auditor: These are the fake shoes that came from the factory.
- on the counter, next to the fake pair, the original pair of shoes appear.
  - Paul, the auditor: **It's against the law to steal someone else's ideas** like this. And **people who sell counterfeit goods don't pay taxes**.
  - 2QT: Oh. Will someone try to steal my ideas for rocket shoes?
  - Paul, the auditor: If your shoes become famous, yes, someone will make fake rocket shoes to make money from your idea. That's **counterfeit merchandise**. It's like **stealing**.
  - 2QT: How do you make money with counterfeit merchandise?
  - Paul, the auditor: Counterfeit merchandise looks like the real thing but the price is a bit lower, to attract buyers who want famous brand shoes for less money.
  - 2QT: So they'd buy the counterfeit shoes instead of my real rocket shoes?
  - Paul, the auditor: Yes, because the fake shoes are cheaper. You would sell fewer shoes, so your factory would lose money and maybe even go out of business.
  - 2QT (sad): That's terrible! All my employees would lose their jobs.
- (Animation) The director walking in the city with a large bag of money. He is stopping in front of a black door of a shady building, when two policemen come and say something to him.
- 2QT and the auditor appear in front of the scene.
  - 2QT: What happened? Why are the policemen talking to him?
  - Paul, the auditor: He has been selling those fake shoes, and he is trying to hide the money. The authorities want to know the truth.
  - 2QT: Why was he hiding money?
  - Paul, the auditor: **He didn't declare the profit** he earned from selling the fake shoes, so **he didn't pay any tax** on it.
  - Paul, the auditor: He was trying to keep it a secret.
  - 2QT: He was hiding in the shadows! I get it! He's not a decent citizen.

## 2.2. Another way a business evades tax

- (Animation) In an office, six people are working and the boss is talking to one employee. On the wall is written "Finance and Marketing Company"
- (Animation) Paul, the financial auditor, is analysing the company's internal tax records. He looks puzzled.



- 2QT appears in front of the scene.
  - 2QT: Is everything all right? You look confused.
  - Paul, the auditor: Something doesn't add up. It looks like the business owner is paying one of his employees 'under the counter'.
  - 2QT: What does 'under the counter' mean?
  - Paul, the auditor: It means **the boss is not declaring this employee's earnings, and isn't paying the taxes** he owes. Neither is the employee.
  - 2QT: That's not okay?
  - Paul, the auditor: It's called tax evasion. **Evading tax is a crime.** The boss and the employee are both trying to evade tax.
  - 2QT: Does this affect anyone else?
  - Paul, the auditor: Well, **the employee suffers** because he won't get healthcare or unemployment benefits. **The whole community suffers** because the state loses the income tax the employee should pay.
  - 2QT: What can you do about it?
  - Paul, the auditor: I can talk to the business owner, or I can report him to the authorities.
  - 2QT: What will happen to the business owner?
  - Paul, the auditor: **If he's guilty of tax evasion he can be fined or even go to prison.**
  - 2QT: What are you going to do?
  - Paul, the auditor: I'm going to talk to the boss and tell him what I found out. Then he must decide how to act.
- (Animation) Paul, the financial auditor, talks to the business owner. The boss goes to the bank and pays all the taxes he owes.
  - 2QT: Well done! Now the boss won't go to prison, and no-one loses out!
- (Animation) A man is in a car store. He wants to buy the most expensive car. He gives the salesman a bag of money.
- 2QT and an auditor appear at the front of the scene.
  - 2QT: Why is the man giving the salesman that big bag of money?
  - Paul, the auditor: He wants to buy the car with money he's hidden from the tax authorities. **Remember the Shadow Economy?**
  - 2QT: Yes. But explain again why this matters.
  - Paul, the auditor: If you don't **declare all the money you earn** to the authorities, you are **evading tax**. This means the state budget gets less money to spend on the wellbeing of all citizens.
- 2QT is angry and sad.

### 2.3. How citizens can help prevent tax evasion



- (Animation) There are two ice cream vans in the park. The children gather around the first one. The ice cream woman sells them ice cream. All of the children are happy, except one – Dave.
- (Animation) **Dave tells his friends to go to the other ice cream van next time. (the other van appears in a bubble speech)**
- 2QT appears in front of the scene.
  - 2QT: Why did you tell your friends not to buy ice cream from this van? It looks delicious.
  - Dave, the boy: Because **the seller didn't give them a receipt** for the ice cream they bought!
  - 2QT: What is a receipt?
  - Dave, the boy: **A receipt is a written note** that you get when you pay for **goods or services**, like an ice cream. You pay the money, and you get the ice cream and a receipt to say how much you've paid.
  - 2QT: But it was only an ice cream. **Is a receipt important?**
  - Dave, the boy: Yes, every business must give customers a receipt to say how much they've paid for the things they've bought.
  - 2QT: Ah... does this mean the ice cream woman is **hiding how much money she's making?** So she doesn't have to pay so much tax?
  - Dave, the boy: Yes, you've got it, 2QT. That's why I chose the second ice cream van, because that ice cream man gives receipts. He's **honest**.
  - 2QT: Well done, you're smart! And you're a **good citizen**.
  - 2QT: Now, let's go to the other van! I want some honest ice cream!

### 3. Final Screen

- 2QT smiling and being happy
  - 2QT: So much useful information about tax evasion!
  - **2QT: Do you understand what the Shadow Economy is?**
  - **2QT: Have you ever read a receipt for something you bought?**
- closes the story.

