



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

Lessons for Teenagers (13 – 17 years old)

Lesson 2: “Relax! We All Pay Tax”

Instructional Scenario

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# 1. Course home section

Course

## 1.1. Introduction

→ Graphics – the narrator, the 7<sup>th</sup> kid in the gang

→ Video:

*Hi, there! Today we're going to talk about that special moment in life when you start making your own money. For me, it felt really good! It was the first job which put money in my pocket and that's liberating and fun!*

*But with power comes responsibility! When it comes to the money I earn, my responsibilities are clear: I have to pay taxes, like other taxpayer and to stay out of the troubles tax evasion brings about.*

*That's what we are going to talk about today! About how being informed about taxation can actually help you enjoy your earnings more.*

*Instruction: Listen to Alex and then press Next to continue.*

## 1.2. Course Objectives

→ Text on the screen:

*"These are the questions we are going to answer:*

- ✓ *When do you have to pay income tax?*
- ✓ *How does income taxation apply to the teen employee?*
- ✓ *How do you calculate your yearly income tax?*
- ✓ *What is tax exemption?*
- ✓ *How can one avoid tax evasion?*

→ press NEXT >

## 1.3. Trainee assistance

- the section will include a video tutorial describing:
  - o the lesson's interface and navigation controls
  - o the way in which the educational activities unfold
  - o other facilities in the lesson (e.g. Glossary)
  - o help and guidance.
- the tutorial will be identical for all the four lessons in the course.

## 1.4. Course menu

→ Text on screen:

“These are the topics we will go through:

- *Introduction*
- *When do teens have to pay tax?*
- *The first job – what you should expect as far as taxes are concerned*
- *Calculating the After-Tax Income*
- *Tax Exemption vs Tax Evasion*
- *Evaluation*

Instruction: Click one of the sections to view its subsections.

## 2. When do teens have to pay tax?

- estimated duration: 10 mins

### 2.1. The Story

→ Graphics:

- the 6 friends in the gang (each character has the name and a short description in a dialogue bubble):

- <i>Dove, the street dancer</i>	- <i>Champ, the jock</i>
- <i>Nova, fashion freak</i>	- <i>Jedi, the skateboarder</i>
- <i>Clue, the analytical type</i>	- <i>Doc, the adorable nerd.</i>

→ Video:

*“Have you met the gang? These guys are just great! They all have their special talents which makes hanging out with them so much fun! Still, there’s one talent which has dodged all of us: making money!*

*Some of us have thought about getting jobs, but haven’t made it happen. Others would like to make money out of their hobbies, but can’t quite figure out how. The thought of making our own money was slowly crawling into our minds. The more we thought of it, the more it made sense.”*

→ navigation: press NEXT

→ Graphics:

- the 6 friends talking to each other
- Jedi in front, with a skateboard in his hand

→ Video:

*It became the main subject of discussion whenever we met. Jedi would be the first to start:*

- *Dude, I made a wicked move yesterday! That skateboard seemed alive, man! It's such a shame to waste all this awesomeness! The world needs bask in my talent! I should take up vlogging!*  
*Champ stepped in:*
- *Maybe Dove can help... She's been watching street dance vlogs for years! She will give you lots of tips.*  
*Then Nova said:*
- *And you also need some advice on what to wear, honey! Those shirts of yours are just as exciting as a dance with grandma!*

→ navigation: press NEXT

→ Graphics:

- the 6 friends talking to each other
- Jedi in front, with a skateboard in his hand

→ Video:

*The discussion started heating up with all sorts of ideas. That's when Doc's icy tone made the whole debate freeze:*

- *Hey, genius! Do you have a camera? I mean a good, compact, high def, reliable one.*

*The answer was an embarrassing, prolonged silence.*

- *Mr Awesomeness, get a job, get a camera and then get a vlog! said Doc.*
- *But... what job, where, how? mumbled Jedi.*
- *Ask Clue, she got hired today! said Doc.*
- *Whaaat?*

→ navigation: press NEXT

→ Graphics:

- the 6 friends talking to each other
- Clue in front, smiling

→ Video:

*Clue had a job! Wow! Suddenly, she seemed so mature, so much cooler. Our Clue got hired as a junior web designer in a local company.*

- *How did you pull this off? asked Dove*
- *I saw this ad for a part-time job, went to the interview, showed them the latest website I was working on and got the job. You know I love web design. So, basically, I'll get paid to do something I really like.*
- *Lucky you! said Nova with a sigh...*
- *Com'on guys! You are all talented. Every one of you can make money doing what they like! Even Champ, although a job as hamburger taster may be a bit harder to find.*

→ navigation: press NEXT



→ Graphics:

- the 6 friends talking to each other
- Clue in front, with banknotes in her hand

→ Video:

- *And when do you get paid? asked Jedi*
- *I'll get a monthly salary. The good thing is that I don't have to worry about the taxes, the employer pays them for me.*
- *You pay taxes??? shouted Champ. My mom pays taxes! How did you get so grown up all of a sudden? We are losing Clue, guys! Next week, she'll probably get married!*
- *Relaaaax! Everybody I know pays some sort of tax. Why shouldn't I? You'll pay tax, too, when you start making money.*
- *I will? How much, how often, will I have any money left? asked Jedi.*
- *Dude, relax! We'll look into it and it will all make sense! I promise! said Doc.*

→ navigation: press NEXT

→ Multiple choice activity

→ Text on screen:

*Why are taxes such a common thing, as Clue said? What do you think?*

- People of all ages owe income tax for the income they obtain*
- Income tax is owed for any sort of income obtained by a taxpayer*
- Taxes target both the income coming from a work contract, and that coming from business profit.*

→ Indication: Tick any answers you consider correct and then press Submit.

→ Feedback for any answer ticked:

*"In general, any person who performs an activity which generates income, has to pay income tax. Teenagers are not excepted from his rule, and they pay their fiscal contributions just like anyone else. "*

→ navigation: press NEXT

### 3. The first job – what you should expect as far as taxes are concerned.

#### 3.1. The first income

→ Multiple response activity

*"There are many advantages a job has. Let's think of our friend, Clue. Which of these benefits can she enjoy from her work contract with the software company?"*

- source of income*
- career guidance*

- financial independence*
- real life experience*
- more responsibility*
- acquiring new skills*
- managing time better*

→ Indication: *“Tick any answers you consider correct and then press Submit.”*

→ Feedback for any answer ticked:

*„It’s really important that your first income generating experience is rewarding and that it encourages you to venture even more, to develop your entrepreneurial spirit and to help you develop budgeting skills to manage your income.*

*It’s an important step towards turning into a responsible taxpayer, aware of both the obligations and the benefits taxes provide.”*

→ navigation: press NEXT

→ Video:

*“The thought that you will earn your own money is exciting, but choosing the activity which can provide this income may seem intimidating. Your first income as a teen may come from a work contact (you will be a full time or part time employee in a company) or from a self-employed activity (you may work as an independent web designer and create web sites for your clients). No matter what activity you perform, you need to figure out the income you will obtain.”*

→ navigation: press NEXT

→ Graphics:

- an equation, written with graffiti like font:  
*“BEFORE TAX INCOME” – “TAX” = “AFTER TAX INCOME”*

→ Single choice activity

*Which of these two types of income should you negotiate when you want to close a work contract or a services contract as a self-employed professional? Which of them will indicate how much money you will actually make?*

- before-tax income – the gross value of the income, including the taxes which need to be paid for it*
- after-tax income – the value of the income, which is left after taxes are paid*

→ Indication: *“Tick the correct answer and then press Submit.”*

→ Feedback:

*“When negotiating the wage you will receive for your work, take into consideration the fact that you will need to pay taxes for it. These taxes will diminish the after-tax income, which is the sum of money you will be left with. It is important to be aware of tax quantum and not be surprised when you see the after-tax income.*

→ navigation: press NEXT



→ Video:

*„Most of the time, in work contracts and services contracts, the sums of money due to the one who performs the work are written as before tax values. But if one of the parties in the contract requests it, the after-tax value can be included.*

*Whenever a sum is stipulated in the contract without any indication related to the taxation regime, the fiscal authorities will consider it as “before tax income” and tax it accordingly.”*

→ navigation: press NEXT

→ Text on screen:

*There is another important thing you need to take into account when you negotiate a contract: who has the obligation to declare and pay the taxes due for the income in the contract.*

*If you are employed, the fiscal obligations to declare and to pay the taxes belong to your employer,*

*If you are self-employed, it will be up to you to fulfill the fiscal obligations.*

→ Single choice activity:

*If you think of Clue, which one of the two situations applies to her?*

- the fiscal obligations to declare and to pay the taxes belong to her*
- the fiscal obligations to declare and to pay the taxes belong to her employer.*

→ Indication: *“Tick the correct answer and then press Submit.”*

→ navigation: press NEXT

### 3.2. Starting work

Video:

*If you sign a work contract, you become an employee. A percentage of the income you obtain at the new job will be represented by taxes (personal income tax and social security contributions).*

*Personal income tax is an annual tax. So, at the end of each fiscal year, there’s a specific form you or your employer have to fill in where you will declare all the income you obtained during that period.”*

→ navigation: press NEXT

→ Text on screen:

*The minimum age at which a teenager can start working full time varies from one country to another. The criterion based on which this age limit is set is the moment you graduate the mandatory school cycles.*

→ Multiple response activity:



*Imagine that in an EU country, mandatory studies cover 10 grades. Teenagers usually graduate at 16. When can a teenager get a full-time job in this country?*

- at 15 years old*
- at 16 years old*
- at 18 years old*

→ Indication: *“Tick any answers you consider correct and then press Submit.”*

→ Feedback for any answer ticked:

*„A teenager can get hired full-time the moment he/she graduates the mandatory school cycles or later. In specific cases, this age threshold may be lowered with the consent of parents or legal tutors.*

→ navigation: press NEXT

→ Video:

*„Even if a teenager may get hired full time, most countries have strict legal provisions which aim at protecting teen employees from potential abuse from the employers.*

*For example, teen employees will not:*

- *work extra hours*
- *work during the night.*

*But you don't have to wait to graduate in order to get a job!*

*You can work part-time like Clue (less than 8 hours per day), usually for seasonal jobs. You will still have to pay tax for the income you obtain.”*

→ navigation: press NEXT

→ Single choice activity

*Champ is 15 years old. In our country, the rule is that we graduate school at 16. Champ wants to get a job as soon as possible. What sort of job can he get?*

- part time job*
- full time job*

Indication: *“Tick the correct answer and then press Submit.”*

→ navigation: press NEXT

Video:

*Concerning the taxes teen pay, each country sets a certain income threshold bellow which taxes are not due. So, if you make less money that the legal threshold, your income will not be taxed.*

*This threshold is calculated based on the level of the “standard personal deduction”. Sounds complicated, but it's not!*





*The Standard Personal Deduction is the income value starting from which income is not taxed (also called the personal exemption or the personal allowance). This is a minimum threshold for tax exemption, granted to all taxpayers, including teens.*

→ navigation: press NEXT

→ Text on screen:

*So, let's analyse some examples where different types of income are obtained and let's figure out how you should deal with the fiscal obligations at the end of the year.*

*Imagine you got hired for the summer and you estimate that your income for the whole year will be below the Standard Personal Deduction threshold.*

→ Single choice activity

*What should you do?*

- At the end of the year, you don't have to fill in a fiscal declaration for your income*
- You go ahead and fill the fiscal declaration at the end of the year*

→ Indication: "Tick the correct answer and then press Submit."

→ Feedback for any answer ticked:

*Not declaring your income may end up costing you money. The employer has already retained and remitted the income tax for your wages. Only at the end of the year will you be able to know if your overall income is above or under the Standard Personal Deduction threshold. In this case, the state will reimburse you with the tax the employer retained from your wage and paid in your name.*

→ navigation: press NEXT

→ Graphics: Dove with a speech bubble saying "How much tax do I have to pay?"

Video:

*In order to understand the logic of the Standard Personal Deduction, here's an example.*

*Dove, our friend, get hired during the summer as a dance instructor at a local dance club. Her monthly gross income is Euro 1.000. Income tax is 10% and the income level from which Dove will owe taxes is Euro 4.000. The employer retains and transfers the income tax she owes, which amounts to Euro 200 for the whole period she was employed.*

→ navigation: press NEXT

→ Fill in activity (selecting the correct word from a drop-down list)

*"So, what can we say about Dove?"*

*Since she hasn't had any other income throughout the year, Dove calculates that her annual gross / net income is Euro 2000. She is above / below the Euro 4.000 Standard Personal Deduction threshold. But her employer has already paid taxes for her two summer months' work.*

*In this case, Dove should / shouldn't fill in the annual fiscal income declaration.*

→ Indication: “Fill in the sentences selecting the correct term from the drop-down list.”

→ Feedback for any answer ticked:

*Filling in the declaration will make it possible for Dove to receive the sums of money which have already been paid as tax by her employer. She may choose not to fill in the declaration, which in her case is not mandatory, but she will not be reimbursed.*

→ navigation: press NEXT

→ Fill in activity (selecting the correct word from a drop-down list)

*Special attention needs to be paid to the income teens may obtain throughout the year from any source, including /excluding exceptional income like contest prizes. In the case on contests, taxes due for the prizes are calculated and paid by the organizers / winners.*

*But the income obtained by the teen taxpayer will be added to/subtracted from the rest of the income in order to find out if the Standard Personal Deduction threshold is passed.*

→ Indication: “Fill in the sentences selecting the correct term from the drop-down list.”

→ navigation: press NEXT

→ Text on screen:

*Now let’s change the parameters in our example. Let’s imagine Dove won a dance contest and received a prize which represents a gross revenue of Euro 4.000. After taxes (10%), she was left with Euro 3.600.*

→ Single choice activity

*What would you advise Dove? Should she fill in and submit the yearly fiscal income declaration?*

Yes

No

→ Indication: “Tick the correct answer and then press Submit.”

→ Feedback for any answer ticked:

*For Dove, the gross annual income is up to Euro 6.000, over the Euro 4.000 threshold for the Standard Personal Deduction. She must submit the form. It would be illegal and might have unwanted consequences like penalties and such.*

→ navigation: press NEXT

## 4. Calculating the After-Tax Income

### 4.1. Good practice examples

→ Graphics: the 6 teens

→ Video:

*The first job is an experience you will remember your whole life.*

*Knowing what taxes you owe, how much you actually need to pay and who is responsible for declaring and paying the taxes saves you a lot of frustration and helps you make the best of the money your work for.*

→ navigation: press NEXT

→ Video:

*To figure out the procedure for calculating the after-tax income, we'll talk to my friend, Doc. He has been working as a salesman in a mobile phone shop throughout the summer.*

*Apart from that, he managed to win the Summer Regional Chess Tournament and got the Grand Master Prize which, in common folk language, meant a good sum of money.*

*Doc is very thorough when it comes to money. He calculates everything, his earnings, the taxes he owes, the money he wants to invest and what he can afford to spend.*

*Let's see how he does it!*

→ navigation: press NEXT

→ Graphics: table and Doc by its side

### ***Doc's balance sheet***

Income from salaries	Euro 3.000
Income from chess contest	Euro 4.000

Personal Deduction Level is Euro 4.000

The Personal Income Tax Quotas are:

Before Tax Income	Tax Quota
Euro 0 – 10.000	10%
Euro 10 – 30.000	20%
Over Euro 30.000	30%

Social Security Contributions are 15% and are deductible from the Taxable Income.

*Instruction: Pay attention to this balance sheet and then press Next to continue.*

→ step by step activity

*„Wages are paid by the employer who also retains and transfers the personal income tax and the corresponding social security contributions.*

*The Chess Contest organizer will retain and transfer the income tax and the corresponding social security contributions for the prize money.*

In this context, in order to calculate the income tax he owes, Doc has to go through a series of steps:

1. The employer calculates the Income Before Tax from Salaries, extracting the social contributions from the gross income:

$$\text{Income Before Tax from Salaries} = 3000 - 15\% * 3000 = \boxed{\phantom{000}} 2550$$

→ Indication: Fill in the correct value and then press Submit.

→ navigation: Press Next.

2. The employer calculates and pays the taxes due for Income Before Tax from Salaries.

$$\text{Income Tax} = 10\% * 2550 = \boxed{\phantom{000}} 255$$

→ Indication: Fill in the correct value.

→ navigation: Press Next.

3. The Contest Organizer calculates the Income Before Tax from prizes, extracting the social contributions from the gross income:

$$\text{Income Before Tax from Prizes} = 4000 - 15\% * 4000 = \boxed{\phantom{000}} 3400$$

→ Indication: Fill in the correct value and then press Submit.

→ navigation: Press Next.

4. The Contest Organizer calculates and pays the Income Tax for the Income Before Tax from prizes

$$\text{Income Tax} = 10\% * 3400 = \boxed{\phantom{000}} 340$$

→ Indication: Fill in the correct value and then press Submit.

→ navigation: Press Next.

5. Since the Gross Total Income (Euro 7.000) is larger than the Standard Personal Deduction (Euro 4.000), at the end of the year Doc fills in the annual fiscal declaration which includes:

$$\text{Gross Total Income} = \text{Euro } 7.000$$

$$\text{Annual Income Before Tax} = 7.000 - 15\% * 7.000 - 4.000 = 1.950 / 2950 / 950$$

$$\text{Annual Income Tax} = 10\% * 1.950 / 7000 / 4000 = 195 / 1950 / 19,5$$

→ Indication: Select the correct value from the drop down list.

→ navigation: Press Next.

6. Then, Doc compares the personal income tax already paid for the whole year by his employer which is Euro 255 and the income tax paid by the Contest Organizer which is Euro 340 with the total income tax due according to the fiscal declaration which is Euro 195.



So, Doc has already paid Euro 595 as personal income tax, while his fiscal declaration states that he owes only Euro 195.

What must Doc do?

- forget about the difference, he will never receive it
- fill in an annual fiscal declaration for the reimbursement of the difference
- retain the difference from the income tax he will owe next year

→ Indication: Tick the correct answer and then press Submit.

→ navigation: Press Next.

→ Video:

Doc received Euro 400 from the fiscal authorities. He's very pleased! Just a bit of fiscal knowledge helped him maximize the income he got from his job and chess prize money. That's what you should do, too!

*It pays to learn about taxes, my friend!*

→ navigation: press NEXT

## 5. Tax Exemption vs Tax Evasion

### 5.1. When are you exempt from tax?

→ Drop down list activity:

*Tax exemption is clearly stipulated in the fiscal legislation.*

*Tax exemption covers those situations where certain types of income are not / are taxed.*

*Certain categories of taxpayers may be exempt from tax, even if the type of income they obtain usually is taxed/ not taxed (software engineers may receive such an exemption for the income they obtain as salary).*

*Sometimes all/some of the taxpayers may be exempt from paying tax for a certain type of income (e.g. income tax for the interest rates of public bonds).*

*Instruction: Fill in the sentences selecting the correct word from the drop-down lists.*

→

→ Text on screen:

*Tax exemptions can be:*

- temporary
- permanent
- conditional
- unconditional

*Tax exemptions for teens usually cover the income they obtain from salaries. These are limited in value, since the activities they perform don't require a special fiscal regime.*

*The fiscal authorities don't promote tax exemption measures for the income obtained by the teenagers because such measure can lead to increased school drop-out rates which has major negative consequences for the whole society.*

Instruction: *Read the text and then press Next to continue.*

## 5.2. Tax evasion

→ Graphics: a set of scales, with stacks so banknotes and LEGAL and ILLEGAL written on the plates

→ Text on screen:

*Tax avoidance is decreasing a taxpayer's fiscal contributions using methods which are at the limit of legality, but lack ethics.*

*Tax evasion is reducing a taxpayer's fiscal contributions through illegal methods, sanctioned by the fiscal legislation with punitive measures (penalties, imprisonment).*

→ navigation: press NEXT

→ Graphics: a set of scales, with stacks so banknotes and LEGAL and ILLEGAL written on the plates

→ Drag and drop activity

*The difference between avoidance and evasion is sometimes unclear. Fiscal authorities are the one to state which practices are punishable as tax evasion. That is why it is important to make sure that any solutions aimed at decreasing the fiscal contributions are legal.*

*Let's see if you can get this straight. Which is which?*

<i>Tax avoidance</i>	<i>Tax evasion</i>
<i>decreasing a taxpayer's fiscal contributions using methods which are at the limit of legality, but lack ethics</i>	<i>reducing a taxpayer's fiscal contributions through illegal methods, sanctioned by the fiscal legislation with punitive measures</i>

→ indication: *Drag the correct definition near each concept. The definition dragged incorrectly will return to its initial place.*

→ navigation: press NEXT

## 5.3. The shifting sands of salary negotiations

→ Graphics: Jedi at a desk and an adult in front of him (the adult sits with his back at the trainee and we can't see his face)

→ Text on screen:

*The first job brings about the first salary negotiation. For a young and inexperienced employee, these negotiations may lay some traps which can have serious consequences in the long run.*

*One of these traps is reporting only a fraction of the salary in the work contract (reported salary) and receiving the rest of the salary as cash in hand.*

*How would you label accepting cash in hand?*

- tax evasion*
- tax reduction*

→ Indication: *“Tick the correct answer and then press Submit.”*

→ Feedback for any answer ticked:

*Declaring a smaller salary than the real one, the employer lowers the basis for the social security contributions the company and the employee owe. At the same time, less tax will be paid for the income the employee obtains.*

→ navigation: press NEXT

→ Graphics: Jedi at a desk and an adult in front of him (the adult sits with his back at the trainee and we can't see his face)

→ Text on screen:

*Although it is illegal, this sort of deal between the employer and the employee is quite wide spread and it is associated with what we call the “shadow economy”.*

*The employee considers that such a deal doesn't have any serious consequences as long as he/she is paid the agreed salary in hand.*

*But the reality is a lot harsher. There are serious risks for the employee and for the employer alike. Let's have a look at some of them.*

*Based on what we discussed, lets identify the risks for the employer and for the employee.*

Instruction: Press **Continue**.

→ Drag and drop activity

<i>Risks for the employee</i>	<i>Risks for the employer</i>
<i>The unreported salary means lower pension contributions and a smaller future pension. A smaller reported salary will make it more difficult to get a bank credit. A smaller salary reported in the work contract offers no guarantee that the higher cash in hand salary will be paid by the employer. Accepting cash in hand turns the employee into an accomplice to tax evasion.</i>	<i>The employer risks being incriminated for tax evasion, with serious consequences. The employer brand has to suffer if such illegal practices are used. This, in turn, makes recruiting more difficult, especially for highly specialized positions.</i>

→ Indication: *“Drag each sentence in the appropriate category. The sentences dragged incorrectly will return to their initial places.”*



→ Video

*Know your rights as an employee and your obligations as a taxpayer. The first job should make you proud and a bit richer. It shouldn't be a hassle and shouldn't leave you insecure.*

*So be careful what you are willing to negotiate, state your rights boldly and look for that employer who will respect you and will observe the law. That's how you get the most satisfaction and benefits from your new job!*

→ navigation: press NEXT

## 6. Evaluation

→ Text on screen:

*Now let's put all that tax knowledge to the test, shall we? Have a try at these questions!*

1. *In work contracts, if the parties consent to it, the sums of money paid for the work provided can be stipulated in their after-income values.*

- True
- False

**Instruction:** *Is this sentence true or false? Tick the right answer and then press the Submit button.*

### Quiz Review:

*Most of the time, in work contracts and services contracts, the sums of money due to the one who performs the work are written as before tax values. But if one of the parties in the contract requests it, the after-tax value can be included.*

2. *If you are self-employed, the fiscal obligations are not in your responsibility.*

- True
- False

**Instruction:** *Is this sentence true or false? Tick the right answer and then press the Submit button.*

### Quiz Review:

*If you are self-employed, you will be up to you to fulfill the fiscal obligations.*





3. The minimum age from which a teenager can work fulltime is set in most countries according to:

- the minimum employment age
- the moment of graduation
- a declaration from the parents or official tutors

**Instruction:** Tick the right answer and then press the Submit button.

**Quiz Review:**

A teenager can get hired full-time the moment he/she graduates the mandatory school cycles or later. In specific cases, this age threshold may be lowered with the consent of parents or legal tutors.

4. The income level starting from which a teenager has to pay tax is usually set according to:

- the standard personal deduction which is stipulated in the fiscal legislation
- the minimum wage
- the gross yearly income value

**Instruction:** Tick the right answer and then press the Submit button.

**Quiz Review:**

The Standard Personal Deduction is the income value starting from which income is not taxed (also called the personal exemption or the personal allowance). This is a minimum threshold for tax exemption, granted to all taxpayers, including teens.

5. At the end of each fiscal year, taxpayers have to fill in a fiscal income declaration in which they indicate all the income obtained during the fiscal year.

- True
- False

**Instruction:** Is this sentence true or false? Tick the right answer and then press the Submit button.

**Quiz Review:**



*Personal income tax is an annual tax. So, at the end of each fiscal year, there's a specific form you or your employer have to fill in where you will declare all the income you obtained during that period.*

6. *Even before graduating the mandatory school cycles, a teenager can be work:*

- part-time*
- full-time*
- extra hours*

***Instruction:*** *Tick the right answer and then press the Submit button.*

***Quiz Review:***

*Even if a teenager may get hired full time, most countries have strict legal provisions which aim at protecting teen employees from potential abuse from the employers. For example, teen employees will not:*

- *work extra hours*
- *work during the night.*

7. *Tax avoidance means decreasing a taxpayer's fiscal contributions using methods which are at the limit of legality, but lack ethics.*

- True*
- False*

***Quiz Review:***

*Tax avoidance is decreasing a taxpayer's fiscal contributions using methods which are at the limit of legality, but lack ethics.*

8. *Taxpayers fill in the annual fiscal declaration in order to*

- keep track of their global gross income*
- keep track of their taxable and tax exempt income*
- to recuperate the sums which have already been paid as taxes but exceed the standard personal deduction*
- to keep track of the income which has not been declared*

***Instruction:*** *Tick the right answers and then press the Submit button.*



### Quiz Review:

*At the end of the year, if your overall income is above or under the Standard Personal Deduction threshold, the state will reimburse you with the tax the employer retained from your wage and paid in your name.*

9. *The moment taxpayers regulate their tax accounts and can know for sure if they still owe tax and need to be reimbursed by the estate is:*

- at the end of the fiscal year*
- at the end of the year*
- at the end of each month*

**Instruction:** *Tick the right answer and then press the Submit button.*

### Quiz Review:

*At the end of the year will you be able to know if your overall income is above or under the Standard Personal Deduction threshold. In this case, the state will reimburse you with the tax the employer retained from your wage and paid in your name.*

10. *Declaring a lower salary in the work contract will involve the following risks for the employee:*

- a smaller future pension*
- losing the right to work*
- difficulty in getting a bank credit*
- not being paid the negotiated salary*
- exposing tax fraud practices*
- becoming an accomplice to fiscal evasion.*

**Instruction:** *Tick the right answers and then press the Submit button.*

### Quiz Review:

*Declaring a smaller salary than the real one, the employer lowers the basis for the social security contributions the company and the employee owe. At the same time, less tax will be paid for the income the employee obtains.*

Glosar

**A****After-tax income**

The value of the income, which is left after taxes are paid.

**B****Before-tax income**

The gross value of the income, including the taxes which need to be paid for it.

**F****Full-time job**

A job with 8 hours per day.

**P****Part-time job**

A job with less than 8 hours per day.

**Personal income tax**

Personal income tax is an annual tax. At the end of each fiscal year, there's a specific form you or your employer have to fill in where you will declare all the income you obtained during that period.

**S****Standard Personal Deduction**

The Standard Personal Deduction is the income value starting from which income is not taxed (also called the personal exemption or the personal allowance). This is a minimum threshold for tax exemption, granted to all taxpayers, including teens.

**T****Tax avoidance**

Decreasing a taxpayer's fiscal contributions using methods which are at the limit of legality, but lack ethics

**Tax evasion**

Reducing a taxpayer's fiscal contributions through illegal methods, sanctioned by the fiscal legislation with punitive measures

**Tax exemption**

Tax exemption covers those situations where certain types of income are not taxed. Tax exemption is clearly stipulated in the fiscal legislation. Tax exemptions can be: temporary, permanent, conditional, unconditional.