



Course: “Digital Tax Education and Tax Payments”

Lessons for Teenagers (13 – 17 years old)

Lesson 3: “Beware of the Dark Side”

Instructional Scenario

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1. Course home section

1.1. Introduction

- estimated duration: 1 min

→ Video:

Hi, there! Get ready, today we are going to take a walk into the land of shadows. Don't worry, it's not a scary story! This is another type of shadow, one that creeps upon the economy and suffocates it. A shadow which slowly dries any public budget it touches and makes the public services wilt. It's the Shadow Economy.

The good news is that anyone of us has the tools to keep the Shadow Economy at bay. Let's discover together these tools!!

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

→ navigation: press NEXT

1.2. Course Objectives

→ Text on the screen:

“These are the questions we are going to answer:

- ✓ *What is Tax Evasion? How can I recognize it?*
- ✓ *What is the “Shadow Economy”? What consequences do “shady tax practices” have?*
- ✓ *What does “responsible” mean when we talk about tax duties?*
- ✓ *How can I manage my taxes easier? Where do I get support on tax issues?”*

→ navigation: press NEXT

1.3. Trainee assistance

- the section will include a video tutorial describing:
 - the lesson's interface and navigation controls
 - the way in which the educational activities unfold
 - other facilities in the lesson (e.g. Glossary)
 - 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:

- *Topic 1 – What is "Tax Evasion"?*
- *Topic 2 – The “Shadow Economy”*
- *Topic 3 – What is the “Shadow Economy”?*
- *Topic 4 – Getting your taxes in order*

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

2. What is "Tax Evasion"?

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, the fashion freak</i>	- <i>Jedi, the skateboarder</i>
- <i>Clue, the analytical type</i>	- <i>Doc, the adorable nerd.</i>

- the new girl called Glam

→ Video:

Remember the “happy gang” I told you about? Well, “happy” almost died out a couple of weeks ago.

There was this girl we all knew, Glam. She dressed amazing, was crazy about fashion, went to some design school.

As you can imagine, she and Nova didn’t quite get along. Things got worse when both her and Nova opened on-line clothing boutiques. Nova sold mainly her creations and was trying hard to break through. Glam’s shop sold what appeared to be brand clothing at low prices.

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

→ navigation: press NEXT

→ Video:

This rivalry had smoldered, but one day it really burst into flames. That day, Champ came and said:

- *Have you seen Glam's car? He took the phone out to show us a photo.*
- *How can she afford that? whispered Nova. I work like crazy and I can't afford that sort of ride... What am I doing wrong?*

Then it appears a thinking bubble near Nova:

I do the right marketing and it costs a lot, I negotiate like a pirate with the suppliers, I watch my profits like a hawk! Doc's father does the accounting and the taxes almost for free. And still, at the end of the month, there's no monster profit, just what I need to keep the business growing. How come?

Instruction: Listen to the dialogue and then press Next to continue.

→ navigation: press NEXT

→ video:

With the same smug smile, Jedi asked:

- *Why do you bother with accountants and taxes?*
- *Because you have to pay taxes if you have profit, that's the law, smart mouth! Nova answered.*
- *Well, that's where Glam is more creative than you, Jedi said. She talks openly about not declaring the profits and not paying taxes. She's fighting the system, sister!*
- *Jedi, we all know you had your first crush on Glam in the 5th grade, but, dude, you're not thinking straight here, said Dove.*

Then it appears a thinking bubble near Jedi:

Why? She's a good person and the girls turn her into a villain! Am I misjudging Glam? She has always been nice to me. Didn't really look like a fiscal criminal.

Instruction: Listen to the dialogue and then press Next to continue.

→ navigation: press NEXT

→ video:

Clue stepped in:

- *Dude, remember the skatepark? We all had to chip in to build it. I gave you my vacation money, that was all I had.*
- *I know that, said Jedi, and I owe you one!*
- *No, dude, you don't owe me anything! Glam owes me! And she owes you and everyone else. Because the tax money she stashed didn't get to the public budget.*
- *Com'on, it can't be that bad, Jedi backed down.*
- *Man, you still don't get it! Nova snapped. She takes the money which should go to funding services we all use and selfishly uses them to spoil herself. She doesn't declare the profits or pay tax, so she affords to sell at whatever price she likes. How can I compete with that?*

Instruction: Listen to the dialogue and then press Next to continue.

→ navigation: press NEXT

3. The “Shadow Economy”

3.1. What is Resistance to Taxation?

→ *Drag and drop activity*

We have already discussed why we need to pay taxes. Our contributions provide the state and local authorities with the funds they need in order to provide public services and goods. Tax money also supports social solidarity, helping provide a decent living standard for everybody. And it funds the activity of the public institutions who serve the local communities and the nation.”

→ Indication: *Drag in each empty box the appropriate word. The words dragged incorrectly will return to their initial places.*

→ navigation: press NEXT

→ Graphics: a tax official (man, in his 40s, shirt and tie)

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

Do you remember how we defined Taxes? Let’s figure out the correct definition!

A tax is an optional / a compulsory payment made to a public or private entity / the state, which has / doesn’t have a direct and immediate benefit for the payer, but in turn is used to satisfy the private / public necessities.

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

→ navigation: press NEXT

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

So, taxes are meant to help satisfy the public/private needs. The thing about public needs is that most of the time we are not / are aware of them. We take for granted/appreciate things like public lighting, security services, public education. We need them and we think that it’s obvious that they exist.

Not making this connection may lead people to think that paying taxes is no longer/ absolutely necessary. This taxpayers’ refusal to pay a part of or all the taxes they owe is called Resistance to Taxation.

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

→ navigation: press NEXT

→ Text on screen:

Let's analyse an example!

Ten years ago, a vast infrastructure program was implemented in our city. The streets were repaired, a vast network of bicycle lanes was laid out and the traffic was improved significantly.

But the bike lanes have deteriorated in time. They are bumpy and full of pot holes. The local authorities decided to introduce a new local tax which would help fund a project for repairing and expanding the bike network.

→ Single choice activity

How would you categorize the need to have functional bike lanes in a city?

- a private necessity*
- a public necessity*

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

→ navigation: press NEXT

→ Text on screen:

Champ loves driving. When he heard about the new tax, he was revolted. We would have to pay the new tax from his income as a self-employed fitness trainer. And he doesn't want to pay it because he doesn't even own a bike. He considers the tax is arbitrary and won't benefit him in any way.

→ Single choice activity

Is the Resistance to Taxation adopted by Champ correct?

- Yes*
- No*

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

→ Feedback for incorrect: *Champ, like any other driver, benefits from the decongested traffic which is the result of having less cars on the roads and of a dedicated infrastructure for bicycles, generating more traffic space for cars.*

→ navigation: press NEXT

→ Drag and drop activity

→ Text on the screen:

Usually, Resistance to Taxation has objective, economic reasons. Let's try to identify some of them from the list below:

- *the desire to have a larger income, in spite of higher taxes*
- *a refusal to pay taxes based on religious convictions*
- *using tax evasion as a method to increase company profits*
- *insufficient public investment, in spite of high tax levels*

→ Indication: *Drag the correct reasons in the empty cassette. The reasons dragged incorrectly will return to their initial places.*

→ navigation: press NEXT

→ Graphics: a circle made on 4 arrows which chase each other, each circle has a question written on it (from top to bottom):

- *How much tax money actually goes to the local/ national budget?*
- *Why do taxpayers refuse to pay their legal share?*
- *How much tax money actually comes back into the community?*
- *Are the actual public goods and services worth the amount of tax money used to finance them?*

→ Text on the screen:

Sometimes, Resistance to Taxation is generated by a frail relationship between the authorities and the citizens. When tax funds have little visible results, citizens begin to doubt the way in which their contributions are managed and used. This lack of trust makes taxpayers more reluctant to contribute further.

So, as far as Resistance to Taxation is concerned, questions like “Are taxpayers paying their share?” may not provide the full answer. We should also ask “How much of the tax funds eventually end up serving the taxpayers’ necessities and interests?”

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

→ navigation: press NEXT

→ an interactive diagram with the 3 types of Resistance to Taxation

→ Text on the screen:

Resistance to Taxation has different forms. Some of them are on the brink of legality, others simply break the law. Let’s analyse them.

Resistance to Taxation may imply:

- **TAX AVOIDANCE**
*is defined as acting within the law, sometimes at the edge of legality, to minimize or eliminate tax that would otherwise be legally owed.
It often involves exploiting the strict letter of the law, loopholes and mismatches to obtain a tax advantage that was not originally intended by the legislation.*
- **TAX EVASION**
*generally comprises illegal arrangements where tax liability is hidden or ignored.
That means the taxpayer pays less tax than he/she is supposed to pay under the law by hiding income or information from the tax authorities.*
- **TAX FRAUD**
*is a form of deliberate evasion of tax which is generally punishable under criminal law.
The term includes situations in which deliberately false statements are submitted or fake documents are produced.*

→ Indications: *Click on each box to display the definitions.*

→ navigation: press NEXT

→ Single choice activity

So, if Champ decides to stash some of the income he obtains and to declare less to the fiscal authorities, so that the new tax won't diminish the sum of money he is left with after paying taxes, his conduct can be labelled as:

- tax avoidance*
- tax evasion*
- tax fraud.*

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

→ Feedback for the wrong answers:

- *TAX AVOIDANCE is defined as acting within the law, sometimes at the edge of legality, to minimise or eliminate tax that would otherwise be legally owed.*
- *TAX FRAUD is a form of deliberate evasion of tax which is generally punishable under criminal law, including situations in which deliberately false statements are submitted or fake documents are produced.*

→ navigation: press NEXT

→ Single choice activity

What if Champ decides to do all sorts of legal deductible expenses (buying fitness accessories and equipment) so that he diminishes his income and therefore pays less tax, how would you label his conduct?

- tax avoidance*
- tax evasion*
- tax fraud.*

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

→ Feedback for the wrong answers:

- *TAX EVASION involves illegal arrangements done by the taxpayer where tax liability is hidden or ignored.*
- *TAX FRAUD is a form of deliberate evasion of tax which is generally punishable under criminal law, including situations in which deliberately false statements are submitted or fake documents are produced.*

→ navigation: press NEXT

→ Graphics: Alex and Champ

→ video:

The line between tax avoidance and tax evasion is quite thin.

Sometimes, the distinction may not be very clear and what some taxpayers may consider to be at the limit of legality, can prove to be illegal when the fiscal authorities analyse it.



That's why it is important to consult fiscal professionals in order to decide which is the best legal way to manage your taxes.

- Instruction: Listen to Alex and then press Next to continue.
- navigation: press NEXT

3.2. What is the "Shadow Economy"?

- Graphics: 2 stacks of banknotes under a beam of light; one stack is in the shadows, outside the beam

- Video:

What is the "Shadow Economy"? It sounds creepy.

Still, we need to define it, to understand its methods, the costs we all pay for every tax trick the Shadow Economy gets away with and to know what we can do to fight it.

- Instruction: Listen to Alex and then press Next to continue.
- navigation: press NEXT

- Text on screen:

Everybody pays tax, even those who don't have their own income or don't own property.

Some of the taxpayers choose to avoid paying taxes. They carry out their activity respecting the law, but when it comes to declaring the income, they choose to hide it from the fiscal authorities.

- Multiple response activity:

What would motivate them to do this?

- eluding employment regulations (minimal wage, maximum working hours, etc.)*
- diminishing their tax quantum using legal fiscal means*
- avoiding to pay taxes (income tax, VAT, customs duties, etc.)*
- eluding social security contributions*

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

- navigation: press NEXT

- Text on screen:

The Shadow Economy is based on tax fraud and tax evasion. Let's see some examples!

- Activity 1 – Fill in (selecting the correct word from a drop-down list)

Mary: “I have been working for years in small neighbourhood shops. Until my latest job, I had **no/a** work contract. As far as the authorities were concerned, I **didn’t work/ worked**. The salary was cash in hand. Since it **wasn’t/was** declared, the employers paid when it suited them. Grim times!”

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

→ navigation: *Press Continue*

→ Text on screen:

Now Marry works for Mike. Mike is a different type of entrepreneur. Together with his sister, he owns a sneaker shop, pays his taxes, is up to date with all employment regulations.

→ Activity 2 – Fill in (selecting the correct word from a drop-down list)

Mike: “It’s hard to compete with the Shadow Economy, especially in my line of work. When entrepreneurs elude the law, they **don’t play/play fair**. They buy merchandise and **fail/ forget** to declare it. Since they don’t pay tax for the income, they **can/can’t** sell it at lower prices. For a shop like mine, that’s a low blow. And then they keep the earnings to themselves.”

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

→ navigation: *press Continue*

→ Activity 3 – Fill in (selecting the correct word from a drop-down list)

Mike’s sister, Inna, is even more outraged:

“And that’s not all! They buy **counterfeit/original** merchandise and sell it as **original/ counterfeit**. The counterfeit merchandise is smuggled in the country by criminal networks. No one pays any sort of customs taxes, VAT, income tax. All the money obtained along this toxic sales chain goes **underground/ to the state**. It finances the criminal organizations or the tax evasionists’ shopping list.”

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

→ navigation: *press Continue*

→ Activity 4

→ Graphics: Mary, Mike and Inna, frowning

→ Text on screen:

Tax evasion tries to sneak into every aspect of our lives, no matter if we are aware of it or not. The more widespread it is, the more resources it hijacks from the public budgets.

→ Indication: “Press Next to continue.”

→ navigation: press NEXT



→ Text on screen:

So, based on everything we found out, if you had to define the Shadow Economy, how would you do it?

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

*The Shadow Economy comprises all the economic activities which are carried out in an **organized** / **improvised** manner, and which **break** / **observe** the social norms and the legislation, aiming at obtaining revenue which **can** / **can't** be controlled by the state.*

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

→ navigation: *press NEXT*

3.3. How do we fight the Shadow Economy?

→ Single choice activity

“People tend to think that there is nothing they can do about the Shadow Economy and that the authorities are the only ones who can fight back. What do you think?”

- There's nothing I can do*
- There must be something I can do”*

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

→ navigation: *press NEXT*

→ Text on screen:

Let's analyse an example!

You want to go to a concert and need to buy tickets. You get to the entrance, and an employee offers to sneak each of you in for half the price of a ticket.

→ Single choice activity

What should you do?

- buy an official ticket and make sure this way that the sum of money you pay will be declared to the fiscal authority*
- accept the deal and pay the employee what he requested, even if you know that this is shadow money*

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

→ navigation: *press NEXT*

- Graphics: the tax official
- Single choice activity

Do you remember to ask for a receipt every time you buy something?

- Yes
- No
- Indication: *"Tick the correct answer and then press Submit."*
- navigation: press NEXT

- Graphics: the tax official
- Single choice activity

When you travel by taxi, do you always ask for a receipt?

- Yes
- No
- Indication: *"Tick the correct answer and then press Submit."*
- navigation: press NEXT

- Graphics: the tax official
- Single choice activity

When you go out, do you make sure that the waiter brings a fiscal receipt, and not just some scribbled piece of paper?

- Yes
- No
- Indication: *"Tick the correct answer and then press Submit."*
- navigation: press NEXT

- Graphics: the tax official
- Single choice activity

Do you avoid buying replicas, even if they imitate some famous brand?

- Yes
- No
- Indication: *"Tick the correct answer and then press Submit."*
- navigation: press NEXT



→ Graphics: the 4 questions asked before

→ Text on screen:

If you answered “Yes” to the questions we asked before, you already fight the Shadow Economy. Because every time you ask for a receipt, the salesman or the taxi driver or the restaurant owner have to register and thus declare the money they received from you. And they will pay taxes for it.

This way we all make sure that a part of the money we spend will help provide for the public necessities, allowing our communities to become better places to live in.

→ Indication: *“Read the text and then press NEXT to continue.”*

→ navigation: press NEXT

4. Getting Your Taxes in Order

4.1. The obligations to declare and pay taxes

→ Text on screen:

The obligation to declare the taxes and the obligation to pay the taxes make up your fiscal obligations.

The obligation to declare involves filling in standard documentation and submitting them to the fiscal authorities in order to declare the taxable income to the fiscal authorities.

The obligation to pay involves transferring the sum of money calculated according to the fiscal norms as income tax.

The way you comply with these obligations varies according to the type of activity you carry out. It depends if you are an employee, or if you are self employed or an employer.

The employee has to pay income tax, but doesn’t have to declare the taxes. The employer will declare the taxes for the employee’s wages. So, the employer has to comply with both obligations, declaring and paying the income taxes.

→ Indication: *“Read the text and then press NEXT to continue.”*

→ navigation: press NEXT

→ Single choice activity

Clue works part-time as a web designer in a local company. Who has to declare her taxes?

- *Clue*
- *The company*
- Indication: *“Tick the correct answer and then press Submit.”*
- navigation: press NEXT

- Single choice activity

Champ is a self-employed fitness trainer. In his case, who has the obligation to declare the taxes?

- *Champ*
- *His clients*
- Indication: *“Tick the correct answer and then press Submit.”*
- navigation: press NEXT

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

*The fact that the entrepreneur has more fiscal obligations than the employee may lead teenagers to favour the **employee/ entrepreneur** status, rather than the role of an **entrepreneur/ employee**.*

*Still, some of the most innovative and successful businesses have been set up by **young/adult** people. The combination of talent, enthusiasm and creativity is essential to any economy. Young entrepreneurs can receive support in managing their taxes so that fiscality **doesn't/does** prevent great ideas from turning into great businesses.*

- Indication: *“Fill in the sentences selecting the correct word from the drop-down lists.”*
- navigation: press NEXT

4.2. Getting info and preparing tax documents

- video:

In order to help the taxpayers, fiscal authorities in the EU have launched websites which provide information concerning taxes and the way in which the fiscal obligations can be observed.

They contain:

- *instructions for declaring and paying your taxes*
- *information on how to calculate the taxes you owe*
- *facilities for filling in and submitting tax declarations.*

It may be easier to do your taxes on-line, so check your national fiscal authority's website.”

- Indication: *“Listen to Alex and then press Next to continue.”*
- navigation: press NEXT

4.3. How to avoid being stressed by taxes

→ Text on screen:

There are certain aspects you need to take into account:

The age

Not only people over 18 years old pay taxes. Teens may pay taxes too (for example, they pay taxes for prizes they receive)

Deductible expenses

You can reduce your taxes if you deduce expenses from your income. These expenses need to be considered deductible according to fiscal law (such as educational expenses)

Timely payments

Find out when your taxes are due. Remember the deadlines and observe them without exception. This will save a lot of trouble.

→ Indication: “Read the text and then press Next to continue.”

→ navigation: press NEXT

→ Text on screen:

There are certain aspects you need to take into account:

Filling in the tax forms and calculating the taxes

Tax forms may be daunting for someone with no fiscal expertise. In many countries teenagers receive free fiscal consultancy. Get in touch with your local fiscal authorities and check it out!

Make sure you know what status you have as far as tax obligations are concerned

You may be tempted to think that you are employed when, in reality, you are a contractor for the company. That changes your fiscal obligations and you will need to both declare and pay your taxes.

Be aware of any shadow activity

Any activity which generates income will also generate fiscal obligations. Check the fiscal regime for the activities you perform, no matter their specific. The fiscal authorities may interpret things in a different way.

Pay attention to the unearned income

Inheritance (money, real estate, shares) may bear tax and you need to be aware of it.

Don't overlook local taxes

A scooter means vehicle tax. Make sure you know what taxes you need to pay.

→ Indication: “Read the text and then press Next to continue.”

→ navigation: press NEXT

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

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

→ video:

That's the end of our trip through the shadows. Keep your head up and stay away from the compromises evasionists cunningly propose! Remember that a good purchase is one from which everybody wins, you, the salesman, the community.

We can all take a stand against tax evasion and fraud. Keep It Simple, but Steady!

→ Indication: *"Listen to Alex and then press Next to continue."*

→ navigation: press NEXT

5. Evaluation

1. Tax evasion means:

- acting within the law, sometimes at the edge of legality, to minimise or eliminate tax that would otherwise be legally owed.
- illegal arrangements done by the taxpayer where tax liability is hidden or ignored.
- a form of deliberate evasion of tax which is generally punishable under criminal law, including situations in which deliberately false statements are submitted or fake documents are produced.

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

Quiz Review:

Tax evasion generally comprises illegal arrangements where tax liability is hidden or ignored. That means the taxpayer pays **less tax** than he/she is supposed to pay under the law by hiding income or information from the tax authorities.

2. When tax funds have little visible results, citizens begin to doubt the way in which their contributions are managed and used which leads to Rezistance to Taxation.
- True
 - False

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

Quiz Review:

Sometimes, resistance to taxation is generated by a frail relationship between the authorities and the citizens. When tax funds have little visible results, citizens begin to doubt the way in which their contributions are managed and used. This lack of trust makes taxpayers more reluctant to contribute further.



3. *The fiscal obligation to pay involves filling in standard documentation and submitting them to the fiscal authorities in order to declare the taxable income to the fiscal authorities.*
- True
 - False

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

Quiz Review:

The obligation to pay involves transferring the sum of money calculated according to the fiscal norms as income tax.

4. *The Shadow Economy comprises all the economic activities which are carried out in an organized manner, and which break the social norms and the legislation, aiming at obtaining revenue which can't be controlled by the state.*
- True
 - False

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

Quiz Review:

The Shadow Economy is based on tax fraud and tax evasion. People tend to think that there is nothing they can do about the Shadow Economy and that the authorities are the only ones who can fight back.

5. *What would motivate some taxpayers to become evaders?*
- conforming with employment regulations
 - diminishing their tax quantum using legal fiscal means
 - increasing profit instead of paying tax

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

Quiz Review:

Tax evasion generally comprises illegal arrangements where tax liability is hidden or ignored. That means the taxpayer pays **less tax** than he/she is supposed to pay under the law by hiding income or information from the tax authorities.

6. *How can you fight the Shadow Economy?*
- ask for a discount everytime the salesman doesn't give you a receipt for your purchase
 - ask for proof that you paid, even if the document you receive has no fiscal value
 - ask for receipts so that the money you give for a product or service is declared to the fiscal authorities



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

Quiz Review:

Every time you ask for a receipt, the salesman or the taxi driver or the restaurant owner have to register and thus declare the money they received from you. And they will pay taxes for it.

This way we all make sure that a part of the money we spend will help provide for the public necessities, allowing our communities to become better places to live in.

7. *In the case of the self employed, the fiscal obligation to declare the taxable income is the responsibility of:*
- the self employed*
 - the employer*

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

Quiz Review:

A self employed has to pay income tax and declare the taxable income.

8. *In the case of the employed, the fiscal obligation to pay income tax is the responsibility of:*
- the employee*
 - the employer*

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

Quiz Review:

The employee has to pay income tax, but doesn't have to declare the taxes.

9. *Do people under 18 pay taxes?*
- Yes*
 - No*

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

Quiz Review:

Not only people over 18 years old pay taxes. Teens may pay taxes too (for example, they pay taxes for prizes they receive).

10. *If you inherit a sum of money, since the inheritance is not an income obtained through work, do you still owe taxes for it?*
- Yes*
 - No*

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



Quiz Review:

Inheritance (money, real estate, shares) may bear tax and you need to be aware of it.

Glosar

D

Deductible expenses

You can reduce your taxes if you deduce expenses from your income. These expenses need to be considered deductible according to fiscal law (such as educational expenses)

R

Resistance to Taxation

the taxpayers' refusal to pay a part of or all the taxes they owe. Sometimes, Resistance to Taxation is generated by a frail relationship between the authorities and the citizens. When tax funds have little visible results, citizens begin to doubt the way in which their contributions are managed and used.

S

Shadow Economy

The Shadow Economy comprises all the economic activities which are carried out in an organized manner, and which break the social norms and the legislation, aiming at obtaining revenue which can't be controlled by the state.

T

Tax

A tax is a compulsory payment made to the state, which doesn't have a direct and immediate benefit for the payer, but in turn is used to satisfy the public necessities.

Tax avoidance

is defined as acting within the law, sometimes at the edge of legality, to minimise or eliminate tax that would otherwise be legally owed. It often involves exploiting the strict letter of the law, loopholes and mismatches to obtain a tax advantage that was not originally intended by the legislation.

Tax evasion

generally comprises illegal arrangements where tax liability is hidden or ignored. That means the taxpayer pays less tax than he/she is supposed to pay under the law by hiding income or information from the tax authorities.

Tax fraud

is a form of deliberate evasion of tax which is generally punishable under criminal law. The term includes situations in which deliberately false statements are submitted or fake documents are produced.

The obligation to declare

involves filling in standard documentation and submitting them to the fiscal authorities in order to declare the taxable income to the fiscal authorities.

The obligation to pay



involves transferring the sum of money calculated according to the fiscal norms as income tax.

Timely payments

Find out when your taxes are due. Remember the deadlines and observe them without exception. This will save a lot of trouble.