

Course: “Digital Tax Education and Tax Payments”

Microlearning Clips

Clip 9: “What is income and how is it taxed?”

Clip Scenario

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## 1. Introduction

### 1.1. Introducing the character

- the character will appear on the screen
  - Hi! My name is 2QT. I'm from the planet Zgweegu.
- the character hovers
  - I am an inter-galactic fashion designer.
- clothing appears in the background
  - I design rocket propelled clothes.
- rocket shoes appear in the background
  - I came to Earth because I am fascinated by your shoes.
  - I have a great idea: I can design rocket propelled shoes!
- the EU is indicated on the map
  - Europeans love shoes. I will make my shoes in the European Union.
- 2QT puzzled (can't get his robot head around it)
  - But if I start a business, I'll have to pay certain taxes.
  - I wonder - **What is income and how is it taxed?**

## 2. The main characteristics of income tax

### 2.1. A presentation of income tax – companies and individuals

- 2QT and Louie the Accountant in front of an IT company HQ.
  - 2QT: What happens here?
  - Louie the Accountant: This is an **IT company** which develops computer games.
  - 2QT: Oh! That sounds so much fun! I really love games! Can I have one?
  - Louie the Accountant: Sure, but this type of game is quite expensive, so you have to buy one.
  - 2QT: Can I buy a game with the rocket clothes I design?
  - Louie the Accountant: Oh, unfortunately not! You will have to **pay with money**.
  - 2QT: But why do I have to pay with money?

- Louie the Accountant: Well, the company needs money to **produce their products** – like your game – to **pay salaries** to the employees and **pay its taxes**.
- 2QT: So **companies have to pay taxes too?** Why?
- Louie the Accountant: The law says that in the business world a company is considered to be a '**legal person**' so it has to **pay tax on its income**, just like a real life human person.
- 2QT: What is **income**?
- Louie: It's **money that comes in to you**. See?
- 2QT: Oh! I get it. Comes in, income. Aha! So people and companies have to pay tax on their income. I see.
- Female computer engineer working at her desk (with a visible flipping calendar in scene). Time passes.
- The same computer engineer at her office receiving her monthly payment: animation – a bag of money divides into 2 unequal bags: 1 representing the net payment; 1 represents the taxes. 2QT is in the scene.
  - 2QT: What is in these two bags?
- The background changes: Louie the Accountant explains the two bags of money:
  - Louie the Accountant: 'They hold the money which this **employee is paid** by her employer **in return for her work**. It's also called salary, or her earnings.
  - The small bag of money goes to the government to pay for the **social systems** and **common needs** (arrows towards icons: Hospital, Police, Fire Services, School, Public transport, Law & Order, Roads). **She keeps** the big bag of money, to save or spend however she likes.
- A woman (Martha) comes into the scene holding some money in her hand
  - Louie the Accountant: Individuals can earn money in different ways.
  - Louie the Accountant: Martha inherited money from her aunt. She paid it into a **deposit account** at her bank, and she receives **yearly interest**.
  - Louie the Accountant: This is called **unearned income**, and she has to **pay tax** on it.
  - 2QT: I had no idea!

## 2.2. Taxes employees pay

- Image with 2QT and Louie the Accountant next to a Vault with a text above the Vault: State Treasury
  - 2QT: Oh, this looks exactly like the entrance to my Spaceship! What is this?
  - Louie the Accountant: This is the place where all the **income tax is collected**. From here, it is split up between different accounts.
  - 2QT: Why in different accounts? Help me understand: what happens to the money from now on?
- Louie the Accountant goes to a presentation panel with 3 pictures representing a doctor taking care of a child, elderly people in the park and children in the schoolyard.
  - Louie the Accountant: Let me show you the **benefits** that come from paying your **income tax**.
  - 2QT: Oh, so you get something for paying your income tax?
  - Louie the Accountant: Of course! First of all, a percentage of the State Budget (where the income tax is collected) contributes to the **healthcare system**.
  - Louie the Accountant: This way, citizens have access to better medical services and can stay healthier.
  - 2QT: What about children? Do they benefit from these taxes?
  - Louie the Accountant: Of course! Besides healthcare, in some countries, the state gives a **monthly allowance** for each child, which is paid to the parents.
  - Louie the Accountant: And the elderly benefit from financial support called a **pension**.
- An image with the Map of Europe appears with two colours: Blue for a flat tax system and yellow for progressive taxation.
  - Louie the Accountant: Each country set its own rules for income tax. There are **two main types**.
- The map of Bulgaria pops out with a smiley face on it; the right corner: the flag, and the name: Bulgaria
  - In my country, we have **flat income tax**. That means one tax rate which applies to everyone, no matter how much they earn.
- The map of Spain pops out with a smiley face on it; the right corner: the flag, the name: Spain
  - In my country, we have **progressive income tax** which means that the tax rate increases as income increases. In short, those who earn a lot pay higher tax.

### 2.3. Benefits that come from income tax

- An image in an amusement park presenting a family with 2 children on the left, and Louie the Accountant and 2QT on the right side of the screen (animation: rollercoaster moving).
  - 2QT: We have rollercoasters on our Spaceships, and they are such fun!
  - Louie the Accountant: You are lucky! Did you know that you can get some of your **taxes back** or **pay less**, and maybe come to this adventure park more often?
  - 2QT: The state gives me money back? How is that possible?
  - Louie the Accountant: Let me explain it to you. Do you see the family near the rollercoaster?
  - 2QT: Yes, they are having so much fun!
  - Louie the Accountant: The parents brought their children here with money that they may have saved through something called '**income tax reduction**'.
  - Louie the Accountant: For example, when a family has to care for children or family members who can't work, it has to spend more. So the state supports the family by **reducing the income tax** they pay.
  - Louie the Accountant: So the family can use the money for a **holiday**, improving their **home**, buying **educational materials**, and so on.
  - 2QT: I want to work and pay my tax to take care of the people!

### 3. Final Screen

- 2QT smiling and being happy
  - 2QT: So much useful information about income!
  - 2QT: Do you benefit from the income tax paid by everyone? Can you name two ways you benefit?
  - 2QT: Does anyone in your family receive a pension?
- closes the story.