

Name : _____ Date : _____

TAX EXPLAINED FOR HIGH SCHOOL

Income Tax

If you earn \$10 from selling lemonade and have to give \$2 to your parents because they helped you set up the stand.

Companies make money, and they have to give a part of it to the government.

Deferred Tax

You earn money today, but the rules say you don't have to pay your share to the neighborhood fund until later.

Taxes based on published financials but tax authorities will recognize them in another year.

Corporate Tax

This is a special tax just for companies. It is like a club membership fee for being allowed to do business.

The more money the company makes, the more it has to pay to be part of the "business club" in a country.

Payroll Tax

You hire your friend to help sell lemonade and pay them, you also have to give some money to help with things (roads, schools, etc) that your friend uses.

Companies do the same when they pay their employees.

Value-Added Tax (VAT)

Imagine if every time you added something cool to your lemonade, like a special straw or ice, you had to pay a few extra pennies. That's VAT.

It's a tax added every time value is added to a product.