**Taxation**

Define the term **taxation**

What is a **direct** tax?

Provide two examples of a direct tax

What is an **indirect** tax and **the two types of indirect** tax (known as specific tax and ad valorem)?

Provide two examples of an **indirect tax**

**The following questions will sometimes be difficult to obtain up-to-date information, therefore try and find the most recent data you can find – but no older than three years. Figures online will be in ‘billions’.**

What was the total tax revenue (figures online will be expressed in billions) for the UK government during the last financial year?   
**Note:** the financial year begins/ends in April and does not follow the calendar year.

Which ten taxes provide the most revenue for the UK government? State either their percentage of total revenue or the amount in monetary terms.

How much revenue did **tobacco** raise in tax revenue?

How much revenue did **alcohol** raise in tax revenue?

|  |  |  |  |
| --- | --- | --- | --- |
| **Tax** | **Indirect or Direct?** | **% of total  gov. revenue** | **Details** |
| **Income Tax** |  |  | ***Sometimes known as PAYE – Pay As You Earn -*** *What is the rate paid? Are there any thresholds? What is the current tax-free allowance – ie. the amount you can earn without paying any income tax.* |
| **Corporation Tax** |  |  | W*hat is it? Who pays it? What is the* ***‘main rate’*** *rate paid? Has it changed in recent years?* |
| **Value Added Tax** |  |  | *What is the rate paid? Are there any exceptions? Any recent changes in the rate?* |
| **National Insurance** |  |  | ***Don’t worry about research thresholds (there are a lot and is very complicated)***  *Employees start paying NI after they earn £8,000 a year at a rate of 12% and an additional 2% when earning over £45,000 a year.*  *Importantly though,* ***employers*** *have to pay NI for each worker they employ – roughly 13.8% of the worker’s earnings.* |