

Other Types of Tax

Excise Duty	
Council Tax	
Stamp Duty	
Vehicle Excise Duty	
Inheritance Tax	
Capital Gains Tax	

Direct Tax

Indirect Tax

VAT (Value Added Tax)

(As of )

VAT is NOT paid on:

Topic 5:  
Understanding Tax

"Government  
Revenue"

PAYE ( )

Tax is

The purpose is

→

→

Tax helps to

A **decrease** in income tax will mean . An **increase** will mean

Up to £11 850	£11 850 - £43 000	£43 001 - £150 000	£150 000 +
%	%	%	%

Extra Notes...

## Other Types of Tax

<b>Excise Duty</b>	Tax on special items, e.g. alcohol and tobacco
<b>Council Tax</b>	Tax depending on the value or location of your house
<b>Stamp Duty</b>	Tax paid when buying property or land
<b>Vehicle Excise Duty</b>	Tax paid to use the public roads (road tax)
<b>Inheritance Tax</b>	Tax on property or money received as a gift or after a death
<b>Capital Gains Tax</b>	Tax on an increase in value of an asset, e.g. land or shares

**Direct Tax**  
Money taken directly from your income e.g. income tax or national insurance contributions.

**Indirect Tax**  
Tax that you pay within the price of goods and services, rather than as a separate payment.

**VAT (Value Added Tax)**  
**20%**  
(As of Jan 2011)

**VAT is NOT paid on:**

Cakes	Funerals
Cold Takeaway	Stamps
Nuts (in shells)	Healthcare
Children's clothes	Charitable events
Gambling	Education

## Topic 5: Understanding Tax

**"Government Revenue"**

**PAYE (Pay as you Earn)**

**Tax** is a compulsory payment to the government made by individuals (income tax) and organisations (corporation tax). The purpose is to fund public spending.

→ A way to pay income tax and National Insurance contributions.  
→ Employer deducts these from your wages before paying you.

Tax helps to redistribute wealth to reduce gaps between richest and poorest.

A **decrease** in income tax will mean **people will spend more**. An increase will mean they spend less

Up to £11 850	£11 850 - £43 000	£43 001 - £150 000	£150 000 +
<b>0%</b>	<b>20%</b>	<b>40%</b>	<b>45%</b>

Extra Notes...