

INTRODUCTION TO TAX EDUCATION FOR SECONDARY EDUCATION CENTERS

These are the exercises proposed before the visit of the *Confederación Canaria de Empresarios* before the information session of the Submerged Economy.

They can be done with teaching staff in the classroom or send homework as homework. It can also be offered as a self-assessment exercise.

This is a set of questions proposed by the Agencia Tributaria (Spanish Tax Agency) so that you can see firsthand the knowledge of students of Secondary Education in civic-tax matters.

In order to answer these questions, the student can use their own knowledge, perform a search on the website of the *Agencia Tributaria*, use bibliographic references of the study center or read the recommended readings that can be found below.

The numbering of the questions is related to the number of the reading, so that the students can review the questions that have been more complicated.

The solution to the questions is found at the end of the document.

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This material is extracted from the *Portal de Educación Cívico-Tributaria* of the *Agencia Tributaria* and is aimed at Secondary Education.

More exercises at:

https://www.agenciatributaria.es/AEAT.educacion/HomeEducacion_es_ES.html



EXERCISES OF TAX EDUCATION

SOURCE: PORTAL DE EDUCACIÓN CÍVICO TRIBUTARIA (AGENCIA TRIBUTARIA).

ADAPTED BY CONFEDERACIÓN CANARIA DE EMPRESARIOS

Choose the correct option:

1. The fact that the school is free allows ...
 - We all have the same opportunities.
 - We spend our money on other things.
 - Go to school only the one you want.

2. Who do you think purchases the books, magazines and DVDs that are in the libraries?
 - The public agencies that manage them.
 - The man who looks after us
 - They are brought by people who have many books in their house.

3. Do you think there would be public parks if there were no public administrations to take care of them?
 - Yes, because parks come out alone, nature puts them.
 - No, no one would take care of making a park and keep it clean and well cared for without charge.
 - Neither, nor not, is a subject that is not important.

4. What do people who no longer work for live because they are older?
 - Of your children
 - Of the retirement pension
 - Of the alms

5. In all countries it is free to go to the doctor?
 - Yes, because all people are equal, and we have the right to health.
 - No, only in those in which the public administrations, through the money collected, pay for the construction of the hospitals and the salary of the health personnel.

6. What public services attend emergencies?
 - Firefighters, Police, Civil Guard and Civil Protection.
 - Firefighters and Civil Protection.
 - Police and firefighters.



7. If the tracks through which the train that takes you to the city in which you spend your vacation break, who pays the settlement?
- Your parents, who will have to pay more for the ticket to fix the roads.
 - The train driver.
 - Public administrations, through the money collected.
-
8. Who contributes part of their money to pay public expenses?
- Only the people who work
 - Mothers and fathers.
 - All citizens.
-
9. What is the name of the tax we pay when we buy something?
- TIA or IRPF
 - VAT or IGIC
 - CIA or IRPF
-
10. What is the name of the tax people pay based on what they earn?
- IRPF
 - VAT
 - PVP
-
11. Who is responsible for collecting most taxes in Spain?
- The King (Casa Real)
 - Tax Agency (Agencia Tributaria)
 - President of the Government
-
12. Who pays the salary to the doorman of the community of neighbors?
- The person who manages the community with the money of all the neighbors.
 - The State, because it is a public service
 - Nobody, because the porters do not charge.
-
13. The money collected with taxes serves to ...
- Build roads, schools, hospitals and parks.
 - Keep parks, schools, hospitals and roads clean and tidy.
 - Both are correct.

READINGS OF TAX EDUCATION

SOURCE: PORTAL DE EDUCACIÓN CÍVICO TRIBUTARIA (AGENCIA TRIBUTARIA).

ADAPTED BY CONFEDERACIÓN CANARIA DE EMPRESARIOS

SCHOOL

Today we are going to talk about taxes, although, before explaining what they are, we are going to think about some things that happen around us.

I guess you have noticed that all children go to school.

No boy or girl can run out of school. This makes it easier for all of us to have the same opportunities, regardless of the economic level of our parents.

*All children can go to school free of charge.
So parents do not have to pay if they do not have money.*

In the past, things were not like that, because children worked from an early age and only some had time and money to go to school.

LIBRARY

Public libraries are another service that we enjoy for free. All citizens can access them to learn new things and to have fun. In them there are books, newspapers, magazines, DVDs, CDs, we can surf the internet ... All this is at our disposal, with the only condition of returning what we borrow in perfect condition and within the expected time.

*Everyone can read books,
even if they do not have money to buy them.*

If things were not like that, they could only study and read those people who had money to buy books. And girls and boys with less economic resources could never learn.

But it is not just such things are free for the poor families, but that we can all enjoy the same opportunities regardless of the money we have, for example, to read the Spanish Constitution, which includes the rights and duties of the citizens.



Public administrations are responsible for preserving works of art and enable citizens to know and enjoy the cultural assets that Spain has.

Spain has an extensive network of public libraries. There is a library for every 10,000 inhabitants. (*Instituto Nacional de Estadística*).

PARK

Did you realize that the park is also free for everyone? Without paying anything we can enjoy the outdoors watching the trees, the grass, the flowers; we can sit in the banks; there are lampposts, fountains, wastebaskets ... And everything, at our disposal, to use it whenever we want.

Also, when a basketball basket or a trash can is broken, they always change it for a new one. And we do not have to pay anything.

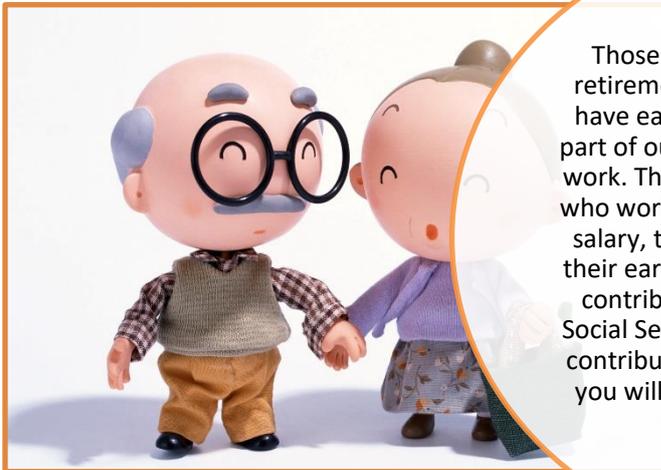
The parks are very important areas, because they allow all citizens to have clean and pleasant places to spend their free time. It is essential that we try not to throw the papers on the ground and not to break or paint the benches or the bins or the swings.

The public administrations are the ones that are in charge of paying for the cleaning and gardening services that keep the parks clean and clear.

DAY CENTER

A day center is a place where people who no longer work or go to school meet. Here they can play cards, chat, do gymnastics, eat, plan trips and read books or the press. They can also have medical assistance.

Although it is not free, a large part of what it costs is paid by public administrations. In addition, older people have the right to travel discounts, they can have free medicines, and some do not pay anything to go on city buses.



Those who no longer work receive a retirement pension. It is a right that we have earned after having contributed a part of our salary throughout a lifetime of work. This is possible because the people who work today contribute a part of their salary, the entrepreneurs with a part of their earnings and the State also makes a contribution to a common fund called Social Security. So, in the same way that I contributed to Social Security for others, you will do it for your parents and your children for you.

In addition to retirement pensions, there are other types of pensions, such as temporary or permanent disability, widowhood, orphanage, etc.

There are people who, although they have not contributed to the common fund, because their circumstances throughout life have not allowed it, receive a pension called a non-contributory pension.

HOSPITAL

Hospitals provide very complete health services for all citizens. Here we operate patients who need it, those who require intensive medical care remain hospitalized, transplants are performed. We also investigate to find cures for difficult-to-treat diseases, such as AIDS, cancer, etc. There are many people (doctors and doctors, nurses, assistants, etc.) who work so that all citizens receive the best possible care.

All this can be done because public administrations allocate large amounts of money to build and maintain health centers and hospitals.

We all have the right to receive medical care free of charge. But not in all countries is the same, nor has it always been like that. In some places people die because they do not have money to pay a doctor.



At the beginning of the 20th century, in Spain, life expectancy did not reach 35 years. That is, people lived, on average, only until they were 35 years old. The main cause was that there were many babies and toddlers who did not survive (that is, the infant mortality rate was very high), due to the lack of medical care for the mother and the baby. At the beginning of the 21st century, life expectancy is 79 years, the second highest after Japan. In the case of the Spanish woman is 83 years. (Data National Statistics Institute).

Medical care is possible because there are, in addition to hospitals, health centers, where patients are treated and campaigns are carried out to prevent diseases, such as vaccination campaigns.

FIREFIGHTERS

The services of the Police, the Civil Guard, the firemen and Civil Protection are also free.

How would the fires be extinguished, and people saved if emergency services did not exist? Could each one pay the police on his own account when he needed it?

*We all have the right to be treated in an emergency,
regardless of whether we can pay or not.*

Citizen services (fire, Civil Protection, Police and Civil Guard) are public, that is, they are possible thanks to the money collected by public administrations.

The rescue of shipwrecked or bathers in danger, the protection of lost or abandoned children, the search for missing persons, the urgent repair of cornices or roofs that could fall or the rescue of mountaineers lost in the snow are also services provided by the Police, the Civil Guard, the firemen and Civil Protection.

PORT

Have you noticed the train or bus stations and the ports and airports? They are also facilities that we enjoy without paying to use them. They are very expensive and difficult to build; That's why nobody could make their own station.

The infrastructures and facilities are built thanks to public money.

We call infrastructure to ports, roads, highways, stations, roads and airports.

The modernization of roads in Spain has been possible thanks to the money that the public administrations have invested in its construction and to the aid that the European Union has offered to our country.

Infrastructures are not an end in themselves but an instrument at the service of **integration, social cohesion and the generation of employment and wealth**. The infrastructures have a marked social character, because they contribute to eliminate the differences between territories, in short, to eliminate the differences of opportunities.

TAXES

All these services seem free, but they are not. All of us who live in Spain contribute part of our money, because we pay for something called taxes. Taxes are of two types.

- There is a type of tax that people pay and that have to do with the money that is earned: they are called **direct** and the most important and known of them is the Income Tax IRPF (*Impuesto de la Renta de las Personas Físicas, "La Renta"*).
- There are other types of taxes that have to do with what you buy: they are called **indirect** and the most important is the Value Added Tax (VAT), which we all pay, you too, every time we buy something. In Canary Islands it is called IGIC (*Impuesto General Indirecto Canario*)

A tax is a amount of money that citizens must pay for public administrations to be able to meet public expenses of all (education, health, infrastructure, emergency services, etc.)

Taxes are not a fixed amount equal for all citizens, because that It would be unfair, since not all people have the same money. Therefore, those who have more or earn more pay more taxes and pay less taxes who have less money.

INDIRECT TAXES (IGIC)

All purchases, whether very small, such as chewing gum, or something very large, such as a bicycle, have **IGIC** (*Impuesto General Indirecto Canario*). It is a **Value Added Tax (VAT)**. This means that the public administrations collect a part of the money from the purchase, to then invest it in all those goods that we enjoy (education, health, roads, etc.).

The IGIC (or VAT) must be paid in each purchase. That is why it is important to always pay that tax, even if it is very little money.

The IGIC represents a different proportion depending on the product that is purchased: it is lower for products that cover basic needs and in some services, such as training or dentists.

It is important to always ask for the invoice or the ticket, even if someone offers us a cheaper price if you do not give us the voucher. If we do not demand the invoices, we may not be contributing to the taxes with our purchases. Also, if the product we have purchased is defective, to claim we will need to present the invoice or the ticket.

DIRECT TAXES (IRPF)

The people we work contribute with part of our salary. This contribution is called Income Tax (IRPF, *Impuesto de la Renta de las Personas Físicas*). However, not all of us pay the same, since it contributes according to what is earned, that is, the one who earns the most pays the most. In addition, personal and family circumstances also count, because, for example, if the person has children or is disabled, they will pay less.

The Tax Agency is the entity in charge of collecting this tax.

The income tax (IRPF) is a tax that is paid by people according to the money they earn. Thus, the one who earns more pays more and the one who earns the least pays less, and even people who have only just enough to live do not pay anything.

In the income tax (IRPF) is considered that there is a minimum amount of money that we all need to spend in order to live with dignity and cover basic needs. For that amount you do not have to pay the income tax. In addition, that minimum amount is greater for people who have children, since they must feed them, buy clothes, books and toys.

The income tax does not have to be paid at once but can be paid in installments throughout the year (withholdings, payments on account).

TAX AGENCY: AGENCIA TRIBUTARIA

In the State is the Tax Agency which is responsible for collecting the money that comes from taxes. Once a year, everyone makes their accounts, to see how much they must contribute based on what they have earned. That is to make the income statement. The Tax Agency helps people to more easily make their income tax return, and even, in many cases, it is sent home.

The Tax Agency is responsible for ensuring that we all comply with our **obligation to pay taxes**, so that all the things that need to be done with that money can be done. No one should stop paying taxes, because that is defrauding and constitutes unsupportive behavior.

The decision about how much money is going to be spent and what things are taken by the representatives of the citizens in *las Cortes Generales*, which is the State Parliament, in the Legislative Assemblies of the Autonomous Communities and in the Plenary Councils.

The political parties present themselves to the elections each with a program in which they say what they would do with the public money if they won. Then people vote for the party that seems best. In addition, every year, the Parliament has to approve the Government's proposals on the things in which it wants to spend public money during the year.

The Tax Agency has two objectives: to help people to fulfill their obligations in relation to taxes and try to avoid people who do not fulfill their obligation.

Another function of the Tax Agency is to monitor the borders, to avoid, for example, that drugs enter the country, trafficked with animals of protected species or that works of art come out improperly.

The autonomous communities and local administrations (municipalities ...) also collect certain taxes. For example, when a person sells his house to another, the one who buys it has to pay the autonomous community a tax called "*Transmisiones Patrimoniales*". The municipalities also collect taxes, such as the one paid for having a car, or a kind of taxes called taxes, such as the one we pay to collect garbage.

COMMUNITY OF NEIGHBORS

Neighborhood communities are like the countries: everyone contributes with a little money to be able to have the common spaces clean and fixed, like the stairs, the elevator, the light bulbs in the corridors ...

Not everyone pays the same, the one with the largest house pays the most and the one with the smallest house pays the least.

If someone does not pay, it bothers us all, because not only does he not contribute with his share, but he also continues to use things as if he were paying. Because the one who does not pay is also mounted in the elevator, turn on the light and everything else.

The person who manages the community is responsible for making the budget which includes the expenses and income of the community. Everyone's opinion is requested and it is decided whether the budget is approved or not. That's why neighborhood meetings are held.

The unsupportive people who do not pay their taxes oblige us all to receive a smaller number of services or to receive lower quality public services. In addition, they make those who fulfill their

obligation have to pay more, to compensate the money with which the fraudsters stop contributing.

The General State Budgets are the accounts approved by law that reflect what is going to be spent and enter to provide public goods and services. The income is due to the taxes that all citizens pay.

*The General Budgets of the State are drawn up by the Government
and submitted to the approval of the Congress of Deputies and the Senate.*

TAXES IN HISTORY

Taxes have always existed, because all the rulers have asked people to contribute part of their money to pay for some things of common use. When the rulers have not been fair in the use of the money collected, people have protested.

A democratic society, like ours, enjoys great benefits: we have education, health, security and pensions for all. This, thanks to the fact that we all contribute part of our money through what we buy and what we earn.

It is not only important to build roads, schools, hospitals or parks, but also to keep them clean, well-cared for and without breaking things. For example, the amount needed to fix park benches, because someone has broken them, is a waste of money that could be used to heal more people.

It was the Muslims in Spain who, for the first time, defined the tax on buying and selling. This tax was called *gabelas*.

In the Middle Ages it was the peasants who paid taxes to the feudal lords, in exchange for their protection.

In the sixteenth century there was a very important popular revolt in Spain, that of the Comunards, largely as a protest for the new taxes that were established upon the arrival of the Emperor Carlos V.

One of the fundamental principles of democracy is that only they can establish taxes with the approval of the representatives elected by the citizens. Therefore, according to *La Constitución*, taxes have to be established by law passed in Parliament.

NO TAXES

If there were no taxes, nothing would be the way it is now. We would not have museums or libraries or schools or hospitals; there would be no police or firemen or train stations or roads; there would be no sweepers to clean the streets ...

Taxes help everyone have the same opportunities and the world is more fair.

With taxes are paid things that we all enjoy.

Public money is a common bag that we have filled between all and all.

Despite all the advantages of paying taxes, there are unsupportive who try not to pay or pay less than they should. Therefore, the Tax Agency (*Agencia Tributaria*) puts great effort in investigating and discovering fraudsters.

People who do not pay their taxes are fined or can even go to jail if the amount defrauded is more than 120,000 euros and commit a tax offense.

We all have individual needs, we satisfy each one with our money, but we also have other collective ones, which we could not pay one by one. For this, contributions are made to a common fund. These contributions are made primarily through the payment of taxes. With them the precise expenses are covered to establish and maintain the public services that we need and want to have to enjoy a better quality of life.



ANSWER KEY

1. We all have the same opportunities.
2. The public agencies that manage them.
3. No, no one would take care of making a park and keep it clean and maintained without charge.
4. Of the retirement pension
5. No, only in those in which the public administrations, through the money collected, pay for the construction of the hospitals and the salary of the health personnel.
6. Firemen, Police, Civil Guard and Civil Protection.
7. Public administrations, through the money collected.
8. All citizens.
9. VAT or IGIC
10. IRPF
11. Tax Agency (*Agencia Tributaria*)
12. The person who manages the community with the money of all the neighbors.
13. Both are correct.