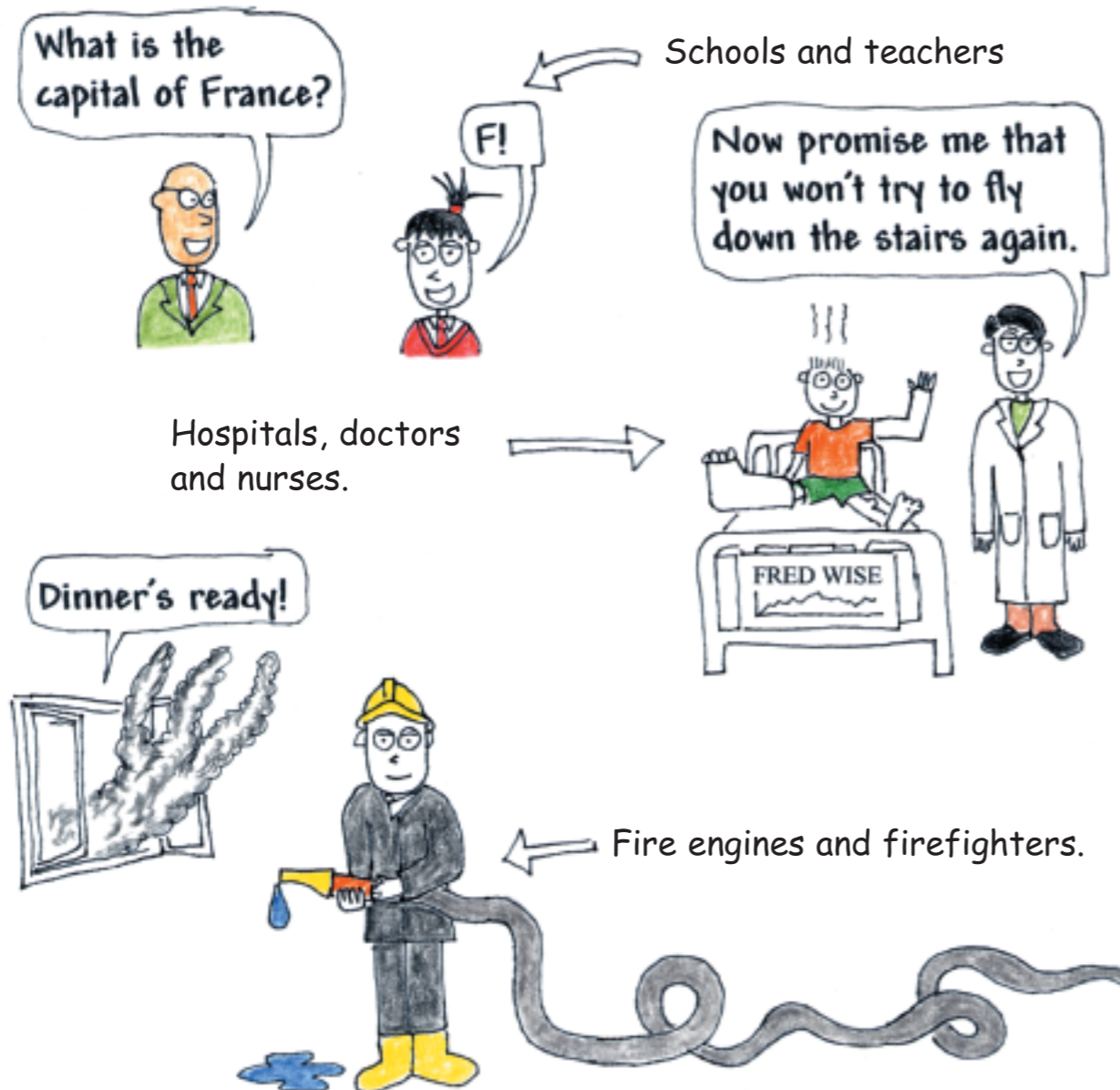


When we got home Mum and Dad had a long think and then tried to explain what taxes are. This is what they told me.



There is a group of people who have the job of looking after everyone in our country. They are called the Government. The Government provides lots of things that we need.



The Government also looks after people who do not have enough money to live on.

This is my Gran. Granny Amy is retired. This means that she does not go to work any more. So the Government gives her money so that she can look after herself. It is called a pension.



Granny Amy likes knitting and every Christmas she makes Fred and me winter gloves and hats from leftover wool.



This is Uncle Clive. He lost his job and so cannot earn enough money to live on. So the Government gives him money so that he can look after himself until he gets another job. This is called unemployment benefit. He is hoping to get a job soon as a bus driver.



Even my Mum and Dad get some money from the Government to help look after me and Fred. This is called Child Benefit.

The money that the Government gives them helps to pay for their home, food and bills.

The second type of tax is the council tax. This tax is paid by anyone who owns or rents a place to live. The money raised by this tax is used by local governments to look after the communities we live in. Things like:



The third tax is a tax that everybody pays! Even you pay this one! Surprised? Well, wait till you hear this.



The Government adds a tax to the price of a lot of the things we buy. It is called Value Added Tax.

When you buy a CD by your favourite band, part of the money you pay is a tax!



So some of the money you spend helps the Government to look after us!

There are some things that the Government does not collect VAT on. These include:

