

Department of Education Consultation Paper

National Curriculum Review – September 2014

Response from the Low Incomes Tax Reform Group ('LITRG')

1 Executive Summary

- 1.1 We welcome the opportunity to respond to this consultation and have read with interest the Government Response ¹ issued in July 2013 to an earlier consultation which ended on 16 April 2013.
- 1.2 We are particularly interested in this consultation as one of the key aims is to *embody excellence and high standards which are so crucial to individual pupils' life chances and to this country's future prosperity*. As the LITRG we offer tax guidance and support to unrepresented taxpayers on low incomes, and we would like to see a commitment in this curriculum review that pupils be given at least a basic grounding in the fundamentals of tax and finance at an early stage in their development. After all for many citizens tax will be the single biggest expense in their life.
- 1.3 Another aim is to *offer a curriculum which is balanced and broadly based and which ... prepares pupils ... for the opportunities, responsibilities and experiences of later life*. In order to fulfill this aim, there is a very strong argument that tax and financial education is essential.

¹<https://www.education.gov.uk/consultations/downloadableDocs/040713%20NC%20in%20England%20consultation%20-%20govt%20response%20FINAL.pdf>

2 About Us

- 2.1 The Low Incomes Tax Reform Group (LITRG) is an initiative of the Chartered Institute of Taxation (CIOT) to give a voice to the unrepresented. Since 1998 LITRG has been working to improve the policy and processes of the tax, tax credits and associated welfare systems for the benefit of those on low incomes. Everything we do is aimed at improving the tax and benefits experience of low income workers, pensioners, migrants, students, disabled people and carers.
- 2.2 LITRG works extensively with HM Revenue & Customs (HMRC) and other government departments, commenting on proposals and putting forward our own ideas for improving the system. Too often the tax and related welfare laws and administrative systems are not designed with the low-income user in mind and this often makes life difficult for those we try to help.
- 2.3 The CIOT is a charity and the leading professional body in the United Kingdom concerned solely with taxation. The CIOT's primary purpose is to promote education and study of the administration and practice of taxation. One of the key aims is to achieve a better, more efficient, tax system for all affected by it – taxpayers, advisers and the authorities.

3 General Comments

- 3.1 In the course of our daily work we observe individuals, particularly low income taxpayers who are unable to afford professional advice, being seriously disadvantaged through not being at least broadly familiar with the tax system, their obligations as citizens and any entitlements which could arise. Equally, unfamiliarity with general financial matters, often combined with a lack of numerical ability and a fear of the unknown, can lead to many other problems. A solid basis in tax and finance throughout their schooling is essential to equip people for making sound decisions on money matters in adult life. This will enable them to play their part in society as responsible citizens.
- 3.2 In our recent paper 'The Tax Repayment System and Tax Refund Organisations - a call for action'¹ we recommended that HMRC should work with the Government to ensure that proactive education through the national curriculum is given at an early stage as basic web guidance alone does not seem to be adequately improving the understanding of the tax system.
- 3.3 LITRG is willing to work with and support new learning in schools by offering literature and guidance on taxation for use in workshops, forums and tuition sessions in areas where teachers may need extra development.

¹ Published 1st August 2013 see section 1.5.1.3 and para 3.3.3
<http://www.litr.org.uk/Resources/LITRG/Documents/2013/07/Refund%20Organisations%20report%20CS5.5.pdf>

- 3.4 Whilst we welcome the opportunity to respond to the consultation from Department for Education we only offer specific points and have chosen not to address each question raised in the paper. Our interest is in offering education in tax only; therefore many of the areas in the consultation are not applicable to LITRG work.
- 3.5 Regarding tax and financial education, we make the following specific comments.
- 3.5.1 Mathematics should be taught to pupils and at an early stage to align to daily living and real life experiences. This could include managing a household budget (in a simplified way for younger students), understanding a simple accounts system (with incomings and outgoings), teaching the basics around tax on interest, income and when in employment – earnings and deductions, the basics around tax codes, tax allowances and national insurance (with greater emphasis and more details for the pupils who may have part-time jobs). This can then be linked to the ‘public purse’ but aligned as an ‘account’ and drawing out the citizen obligation to contribute financially to the country in which they reside through the collection of tax.
- 3.5.2 We are encouraged to see that the rule of law and the justice system in our society are included in the Citizen Framework along with a commitment to nurturing the skills a pupil needs to enable them to manage their money on a day-to-day basis, and plan for future financial needs. But we believe the curriculum should go even further by emphasising the part played by taxation and the tax obligations owed by a citizen to supporting the country, as without a stable tax system the ‘precious liberties’ which are set out in the Framework would be put at jeopardy. We are disappointed to see that since the last draft consultation paper in February 2013 the specific mention of taxes has been removed at Key Stage 4 of the framework and we would strongly encourage its reintroduction.
- 3.5.3 We believe that the department must include basic financial teaching and grounding at an earlier stage of a student’s development. Most young children will have some experiences of handling money, be it through regular pocket money, a gift or running a chore to the shops. Equipping them with the skills to understand budgeting at this basic level will make for a good foundation for the future when in work. This can then be extended to the importance of savings and the various options available, checking your bank balance and sensible borrowing for purchases such as a house, car or holiday. Value Added Tax (VAT) can be focused on here too in that many purchases will already have it added on and pupils should understand the basic concept including the exclusions and that it is a different tax to the one paid on earnings once in paid work.
- 3.5.4 We would strongly recommend including taxation law at Key Stage 4 of the Citizen framework, including the history and law-making process. This can include consultations and policy making, and parliamentary debates and procedures. This would equip the pupil with an appreciation of how levying and controlling taxation forms a necessary part of the democratic process.
- 3.5.5 Similarly, when describing how a citizen can contribute to the community, the teaching could deal with how revenue is collected through taxation to spend on services that aid the community at large, for example policing, the welfare state, health and education, along

with the merits of compliant taxpayers and the role played by intermediaries such as employers in collecting the revenue. Also of tax advisers in helping citizens comply with their obligations. In our view, this grounding will make for a more informed society whose members understand not only their obligations and responsibilities when joining the workforce but also how the process works and why tax is a necessary tool.

- 3.5.6 We recommend also that the History framework of the curriculum be extended further to include the background of the financial/fiscal year, the role of taxation and how the rule of law has helped form and develop free societies down the centuries, and how the cataclysmic events that underlie many such societies have been wholly or partly brought about by perceived tax injustice. Examples in modern times include the English Civil War, the American War of Independence and the French Revolution.
- 3.5.7 In the Computing framework we recommend that there be an inclusion within the *digital systems module* of an insight to government websites to aid learning in taxation and law and a “taster” session on the various transactional services that the government offers to citizens for engagement. This will also help to raise the level of digital inclusion of not only adults for the future but enable them to help their older relatives so all can embrace the government’s digital strategy.

LITRG

8 August 2013