

Taxable Income and Allowable Deductions

Use this worksheet after reading the lesson to practise the key ideas and prove you can meet the success criteria.

Name _____
Date _____
Class _____

1. Key Ideas

Calculate taxable income by identifying gross income and subtracting only the deductions that are genuinely allowable.

- The formula: taxable income = gross income – allowable deductions
- Why tax is applied to taxable income, not gross income

2. Success Criteria

By the end, you should be able to:

- The formula: taxable income = gross income – allowable deductions
- That gross income includes all assessable income (salary, interest, rental income)
- Examples of allowable and non-allowable deductions

3. Key Terms

Taxable Income

Gross income minus allowable deductions — the amount on which tax is calculated.

Gross Income

Total income from all sources before any deductions.

Allowable Deduction

Work-related expenses that can be subtracted from gross income to reduce taxable income.

Tax Offset

A reduction in the amount of tax payable, also called a tax rebate.

Medicare Levy

A 2% levy on taxable income to fund the public health system.

4. Activity: Build the Lesson Map

Use the lesson to complete the table. Keep answers brief but specific.

| Prompt | Your answer |
|-----------------------------------|-------------|
| Main concept | |
| Important example | |
| Common mistake to avoid | |
| How this links to the next lesson | |

5. Short Answer Questions

1. Explain this lesson goal in your own words: "The formula: taxable income = gross income – allowable deductions". Use one specific example from the lesson.

BAND 3 **2 MARKS**

2. Apply this idea to a new example: "That gross income includes all assessable income (salary, interest, rental income)". Show your reasoning clearly.

BAND 4 **3 MARKS**

3. Analyse why this idea matters for understanding Taxable Income and Allowable Deductions: "Examples of allowable and non-allowable deductions".

BAND 5 **4 MARKS**

6. Extend: Apply the Idea

BAND 5/6

5 MARKS

A student gives a memorised answer about Taxable Income and Allowable Deductions but does not use evidence or reasoning.

Improve the answer by writing a stronger response that uses accurate terminology, a relevant example and a clear explanation.

7. Multiple Choice

1. What is the best first step when answering a question about Taxable Income and Allowable Deductions?

- A. Identify the key concept being tested
- B. Write every fact from memory
- C. Ignore the command word
- D. Skip examples and evidence

2. Which answer would show stronger understanding of Taxable Income and Allowable Deductions?

- A. An answer with accurate terms and reasoning
- B. A copied definition only
- C. A single-word response
- D. An answer with no example

3. What should you do if a question asks you to explain?

- A. Link the idea to a reason or cause
- B. List unrelated facts
- C. Only draw a diagram
- D. Write the shortest possible answer

8. Success Criteria Proof

Finish with evidence that you can do each success criterion.

SUCCESS CRITERION 1

Prove that you can: The formula: taxable income = gross income – allowable deductions

BAND 3 **2 MARKS**

SUCCESS CRITERION 2

Prove that you can: That gross income includes all assessable income (salary, interest, rental income)

BAND 4 **3 MARKS**

SUCCESS CRITERION 3

Prove that you can: Examples of allowable and non-allowable deductions

BAND 5 **4 MARKS**

One thing I still need help with:
