**Key Ideas:**

* PAYG Taxation
  + Employee works for and is paid by employer
  + Employer calculates the tax that the employee should pay on this income
  + Employer sends the money to the Tax Office
  + Wages - paid per hour worked
* At the end of the year
  + if you have paid too much, you will get a refund
  + If you have not paid enough, you will get a tax bill
  + Deductions - Expenses you’ve incurred to earn your income
    - E.g. a builder needs a hammer  
      but a math teacher doesn’t

Watch until 1:45  
[How does income tax work? | Everyday Money | ABC Australia](https://youtu.be/b7fm8yVcihs)

A person in a white shirt

AI-generated content may be incorrect.

A screenshot of a tax rate

AI-generated content may be incorrect.

A white paper with black text and numbers

AI-generated content may be incorrect.

**Example 1**

A first year teacher earns $75,726 and has $2,300 of deductions.   
Find:

1. Their taxable income
2. The tax bracket they fall in
3. Their tax payable
4. How much they should pay each week so they don't have a tax debt at the end of the year

1. They fall in the third tax bracket, the bracket