

Unit -1

Tax and its Importance



Learning Objectives

- ❖ To know the Taxation, Principles of Taxation and its types.
- ❖ To know the importance of Tax and its types.
- ❖ To gain knowledge of the need for Tax and People's Welfare.



இயற்றலும் ஈட்டலுங் காத்தலும் காத்த
வகுத்தலும் வல்ல தரசு.

– திருவள்ளுவர்

"It was only for the good of his subjects that he collected taxes from them, just as the Sun draws moisture from the Earth to give it back a thousand fold"

– Kalidas

Introduction

For the welfare of the society, the government has to perform various functions so it requires revenue. Modern governments have a wider variety of sources of revenue. The principal sources of the revenue are taxes, fees, prices, special assessment and Raffle Scheme. Like any other country, taxes form the most important part of revenue of India.

Taxation

Taxation is a term for when a taxing authority, usually a government, levies or imposes a tax. The term 'taxation' applies to

all types of involuntary levies, from income to capital gains to estate taxes. Though taxation can be a noun or verb, it is usually referred to as an act; the resulting revenue is usually called 'taxes'.

Taxes

Taxes are compulsory payments to the government without expectations of direct or return or benefit to the taxpayers. According to Prof. Seligman, taxes are defined as a compulsory contribution from a person to the government to defray the expenses incurred in the common interest of all without reference to special benefits conferred.