



Department of Education
SCHOOLS DIVISION OF CITY OF MEYCAUAYAN
Pag-asa St., Malhacan, City of Meycauayan, Bulacan



Senior High School

12

Activity Sheet **in** **Fundamentals of** **Accountancy, Business and** **Management 2**

Principles and Purposes of Taxation
ABM_FABM12- IIh-j-19



GOVERNMENT PROPERTY
NOT FOR SALE

Principles and Purposes of Taxation



LET US KNOW

We cannot deny the fact that tax must be part of lifestyle when we started to have our own income. The sad truth about earning is we are also obliged to share it with our government. According to the famous finance writer Robert Kiyosaki "Taxes are your largest single expense". He emphasizes, that the average person in a developed country spends 25-35 percent of their life working to pay taxes. That means more than two hours of every workday are dedicated to feeding your government. And three to four months out of every year are spent working solely so that you can pay your taxes. In this module we will acquaint ourselves on tax law which is a package deal once we venture into business and become an investor. We will get to know more the inherent power of our government.



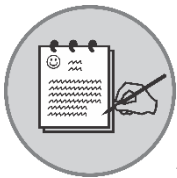
LET US REVIEW

Choose the letter of the correct answer. Write your answer on separate sheet of paper.

1. It is the inherent power by which the sovereign through its law-making body raises revenue to defray the " necessary " expenses of the government.
 - a. tax
 - b. taxation
 - c. value added tax
 - d. donors' tax
2. Enforced proportional contributions from the persons and property levied by the law-making body of the State by virtue of its sovereignty in support for public needs.
 - a. tax
 - b. taxation
 - c. excise tax
 - d. value added tax
3. It means all wealth which flows into the taxpayer other than mere return of capital, derived from employment of labor or disposition of assets
 - a. revenue
 - b. expenses
 - c. assets
 - d. liabilities

4. Situs means_____ .
 - a. time
 - b. place
 - c. BIR
 - d. NIRC

5. It is a crime whereby the proceeds of an unlawful activity are transacted, thereby making them appear to have originated from legitimate sources.
 - a. Money Laundering
 - b. Swindle
 - c. Scammers
 - d. NIRC



LET US STUDY

Taxation - It is the inherent power by which the sovereign through its law-making body raises revenue to defray the " necessary " expenses of the government.

Tax - Enforced proportional contributions from the persons and property levied by the law-making body of the State by virtue of its sovereignty in support for public needs.

Benefits of tax.

- Lifeblood of our country
- Treat refund as bonus
- Know where your business is standing
- Proof of Income
- Reductions of Social Inequality
- Funds are used for General Welfare and Protection




THREE INHERENT POWER OF THE STATE

1. **Eminent Domain** – The power of the government to take private property upon payment of just compensation to be used for public purpose.
2. **Police power**- The power of the government to make laws that will promote public health, morals, safety, and welfare of the people
3. **Taxation**- The power of the government to collect taxes that will be used to finance the projects needed by the people

Characteristics of Taxation

- ✚ An enforced contribution – not voluntary
- ✚ Proportionate in Character – based on one's ability to pay
- ✚ Levied by the law-making body of the state – The Congress (power to tax); House of Representatives (Tax bill) and the Senate.
- ✚ Levied for public purpose/s to support government

- ✚ Generally payable in money
- ✚ Levied on persons and property by the State which has jurisdiction

PRINCIPLES OF A SOUND TAX SYSTEM	
Fiscal Adequacy – Government revenue should be sufficient to meet the demands of public expenditures	
Theoretical Justice – Proportionate to the ability of the taxpayer	
Administrative Feasibility – Capable of just, convenient , AND equitable administration (not burdensome)	

Bases of Taxation

1. Principle of Necessity – Without money, the government cannot pay its expenses and therefore cannot exist
2. Reciprocal Duties – (Benefits-Received or Compensation Theory) In return for the contribution of the taxpayer, he/she receives the general advantages and protection which the government affords the taxpayer and his/her property.

Sources of Government Revenue

1. Income Tax
2. Estate and Donor's Tax(Transfer Taxes)
3. Value Added Tax
4. Other Percentage Taxes
5. Excise Tax
6. Documentary stamp tax
7. Other Taxes



LET US PRACTICE

Determine the basic principle and sound tax system being referred to. Write your answer on separate sheet of paper.



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1. _____



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2. _____



<https://www.needpix.com/photo/download/234805/control-work-official-form-business-on-a-white-background-white-background-free-pictures-free-photos>

3. _____

II. "THE SUPERHEROES" The Following possesses their Inherent Powers (of the STATE). Give a creative name to the following heroes in the picture. Write your answer on separate sheet of paper .



1. _____



2. _____



3. _____



LET US REMEMBER

Taxation is the process of government collecting revenue to pay its expenses. Bureau of Internal Revenue is the primary implementing agency in-charge to collect taxes. Tax is enforced proportional contributions from the persons and property levied by the law-making body of the State by virtue of its sovereignty in support for public needs.

THREE INHERENT POWER OF THE STATE

1. **Eminent Domain** – The power of the government to take private property upon payment of just compensation to be used for public purpose.
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- ✚ Generally payable in money .
- ✚ Levied on persons and property by the State which has jurisdiction.

Bases of Taxation

1. Principle of Necessity – Without money, the government cannot pay its expenses and therefore cannot exist.
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LET US APPRECIATE

I. Ask at least Two of your relatives(probably your parents) who are working already, make a written report (interview them) regarding the taxes taken out of their salaries/professions/business. The following guide questions maybe used.

RELATIVE 1 (Name) : _____

RELATIONSHIP: _____

- a) Where do you get your Income?
- b) What is your Profession/Business?
- c) Are you being taxed?
- d) Why do you think it matters in Paying Taxes?
- e) Why should we pay taxes? What is the purpose of Taxation?

RELATIVE 2 (Name) : _____

RELATIONSHIP: _____

- a) Where do you get your Income?
- b) What is your Profession/Business?
- c) Are you being taxed?
- d) Why do you think it matters in Paying Taxes?
- e) Why should we pay taxes? What is the purpose of Taxation?



LET US PRACTICE MORE

Read and answer the following tax related issues and take your stand . Write your answer on separate sheet of paper.

1. Do you believe about Robert Kiyosaki's stand about taxes? According to him that "Taxes are your largest single expense". What is your stand on his words?

2. What is your stand about middle class are being taxed without getting any benefit from? the government while the poorest of the poor who do not pay enjoyed its benefit .

3. Do you believe that taxations have benefit? Why?

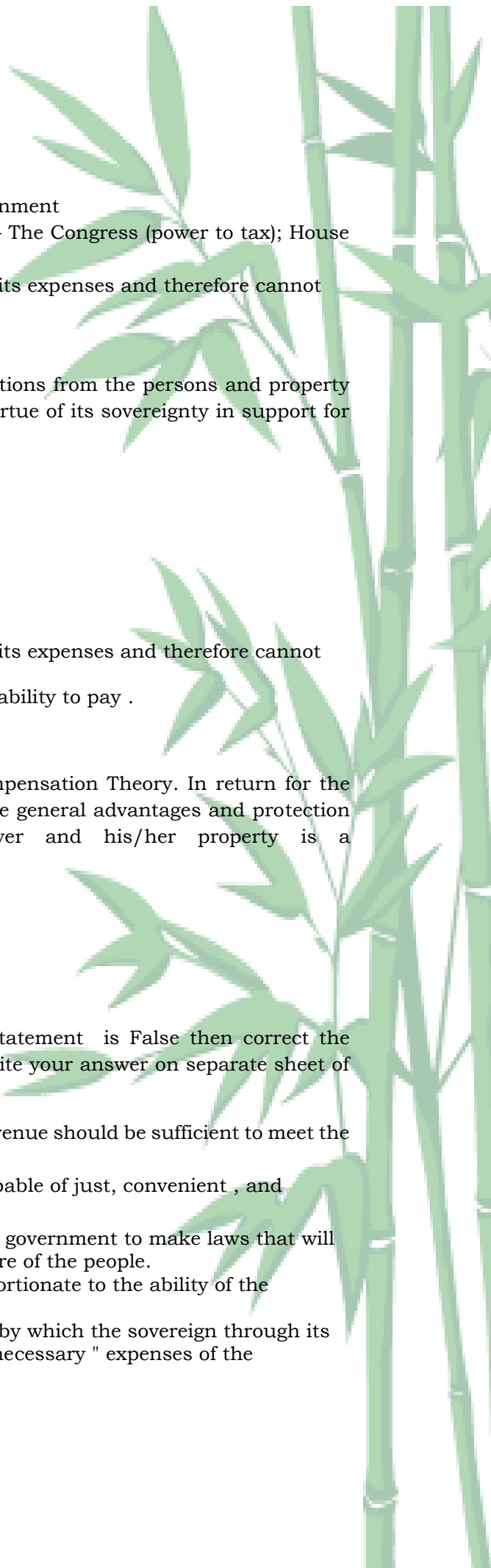
Rubrics			
Criteria	5	3	1
Content. Focus and ideas	Strong description and concrete detail pull the reader into a focused experience that has a satisfying turning point or significant moment.	Tells a stand with some turning point. The point may try to cover too much time or lack in concrete detail in areas.	Mostly "telling" with no clear turning point or purpose. Little attention to concrete detail.
Organization. Flow of ideas and transitions	Skillfully structures the narrative into a beginning, middle, and end. May try creative ways of weaving together more than one moment or experience	Clear point of view but beginning or ending may feel weak—not pulling the reader in or giving a satisfying conclusion. Could do more with the structure to make the story flow.	Lacks a clear ending or beginning. Jumps around in a way that is confusing or hard for the reader to follow
Style. Sentence structure, wording, and tone.	Clear writing voice, smoothly worded sentences, appropriate tone.	Some awkward wording or perhaps too wordy in places. Could combine sentences for a better flow	Consistent errors in sentence structure that interfere with meaning.
Correctness. Grammar, mechanics, usage, spelling.	Minimal errors.	Minor errors throughout.	Excessive errors interfere with meaning.



EVALUATION

Choose the correct letter of an answer . Write your answer on separate sheet of paper.

- _____ is the inherent power by which the sovereign through its law-making body raises revenue to defray the " necessary " expenses of the government.
 - Tax
 - Taxation
 - Income Tax
 - Excise Tax

- 
2. Which of the is **not** a characteristic of taxation?
 - a) Levied for public purpose/s to support government
 - b) Levied by the law-making body of the state – The Congress (power to tax); House of Representatives (Tax bill) and the Senate.
 - c) Without money, the government cannot pay its expenses and therefore cannot exist
 - d) Generally payable in money
 3. _____ is enforced proportional contributions from the persons and property levied by the law-making body of the State by virtue of its sovereignty in support for public needs.
 - a) Tax
 - b) Taxation
 - c) Donors Tax
 - d) Estate Tax
 4. Which of the following is a benefit of tax?
 - a) Generally payable in money.
 - b) Without money, the government cannot pay its expenses and therefore cannot exist.
 - c) Proportionate in Character – based on one's ability to pay .
 - d) Reductions of Social Inequality.
 5. Reciprocal Duties is a benefits-received or compensation Theory. In return for the contribution of the taxpayer, he/she receives the general advantages and protection which the government affords the taxpayer and his/her property is a _____.
 - a) Inherent power of state
 - b) Bases of taxation
 - c) Characteristics of Taxation
 - d) Sources of Government Revenues

II: Write T if the statement is True. Write F if the statement is False then correct the statement by changing the term or statement given. Write your answer on separate sheet of paper.

1. _____Fiscal Adequacy Government revenue should be sufficient to meet the demands of public expenditures.
2. _____Administrative Feasibility is capable of just, convenient , and equitable administration (not burdensome).
3. _____Military arm is the power of the government to make laws that will promote public health, morals, safety, and welfare of the people.
4. _____Theory of social justice is proportionate to the ability of the taxpayer.
5. _____Taxation is the inherent power by which the sovereign through its law-making body raises revenue to defray the " necessary " expenses of the government.



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