

1. Define tax

Taxes are compulsory payments to government without expectation of direct return (or) benefit to the tax payer.

2 Why we pay tax to the government?

The main purpose of taxation is to accumulate funds for the functioning of the government machinery.

Tax has come into forefront on account of the new concept of "welfare state".

3 What are the types of tax? Give Examples.

The two type of taxes are Direct tax and indirect tax.

- Direct Tax eg., income tax, wealth tax, and corporation tax.
- Indirect Tax eg., stamp duty, entertainment tax, excise duty, and goods and service tax.

4. Write short notes on Goods and Service Tax.

- The goods and service tax (GST) is one of the indirect taxes.
- The GST was passed in Parliament on 29 March 2017.
- The act came into effect on 1 July 2017.
- The motto is one nation, one market, one tax.
- It is also called one point tax.

5. What is progressive tax?

Progressive tax rate is one in which the rate of taxation increases (multiplier) as the tax base increases (multiplicand).

In the case of a progressive tax, When income increases, the tax rate also increases.

6. What is meant by Black money?

Black money is funds earned on the black market on which income and other taxes have not been paid.

The unaccounted money that is concealed from the tax administrator is called black money.

7. What is tax evasion?

Tax evasion is the illegal evasion of taxes by individuals, corporations and trusts.

Tax evasion activities included

- Underreporting income
- Inflating deductions or expenses
- Hiding money
- Hiding interest in offshore accounts .

8. write any two difference between tax and payments?

TAX	PAYMENTS
Tax is a compulsory payment to the government without getting any direct benefits.	Fee is a voluntary payment for getting any service.
Tax payer does not except any direct benefit .	Fee payer can get direct benefit for paying fee.
Eg., income tax, gift box, wealth tax VAT etc.	Stamp fee, driving license fee, government registration fee.

UNIT 4

Explain some direct and indirect taxes.

INTRODUCTION

Taxes are compulsory payments to government without expectation of direct return (or) benefit to the tax payer.

TYPES OF TAXES

DIRECT TAX

A tax imposed on an individual or organisation, which is paid directly, is a direct tax. The burden of a direct tax cannot be shifted to others.

Some direct taxes are income tax, wealth tax and corporation tax.

Income tax

Income tax is the most common and most important tax levied on an individual in India. It is charged directly based on the income of a person.

Corporate tax

This tax is levied on companies that exist as separate entities from their shareholders. It is charged on royalties, interest gains from sale of capital assets located in India and fees for a technical services and dividends.

Wealth tax

Wealth tax is charged on the benefits derived from property ownership. The same property will be taxed every year on its current market value.

Indirect Taxes

If the burden of the tax can be shifted to others, it is an indirect tax.

The impact is on one person while the incidence is on the another person.

Some indirect taxes are stamp duty, entertainment tax, excise duty and goods and service tax (GST).

Stamp duty

Stamp duty is a tax that is paid on official documents like marriage registration or documents related to a property and in some contractual agreements.

Entertainment tax

Entertainment tax is a duty that is charged by the government on any source of entertainment provided.

This tax can be charged on movie tickets, tickets to amusement parks, exhibitions and even sports events.

Excise duty

An excise tax is any duty on manufactured goods levied at the movement of manufacture, rather than at sale.

Excise is typically imposed in addition to an indirect tax such as a sales tax.

CONCLUSION

Tax is levied by the government progressively, proportionately as well as regressively.

2. Write the structure of GST.

INTRODUCTION

The goods and service tax (GST) is one of the indirect taxes.

The GST was passed in Parliament on 29 March 2017.

The act came into effect on 1 July 2017.

Structure of Goods and Service Tax (GST)

State Goods and Service Tax (SGST): Intra state (within the state)

VAT/sales tax, purchase tax, entertainment tax, luxury tax, lottery tax and state surcharge and cesses

Central Goods and Service Tax (CGST): Intra state (within the state)

Central Excise Duty, service tax, countervailing duty, additional duty of customs, surcharge education and secondary/higher secondary cess .

Integrated Goods and Service Tax (IGST): Inter state (integrated GST)

There are four major GST rates: (5%, 12%, 18% and 28%) Almost all the necessities of life like vegetables and food grains are exempted from this tax.

CONCLUSION

The motto is one nation, one market, one tax.
It is also a one point tax.

3. What is black money? Write the causes of black money.

INTRODUCTION

Black Money

Black money is funds earned on the black market on which income and other taxes have not been paid.

The unaccounted money that is concealed from the tax administrator is called black money.

Causes of Black Money

Several sources of black money are identified as causes.

1. Shortage of goods
2. Licensing proceeding
3. Contribution of the industrial sector
4. Smuggling
5. Tax structure.

CONCLUSION

Tax evasion results in black money
