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PUBLIC REVENUE

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Public Revenue

Public revenue is the income of the Government (central Government, state Government and local bodies).

Government **revenue** can be classified into

- (a) tax **revenue**, and
- (b) non-tax **revenue**.

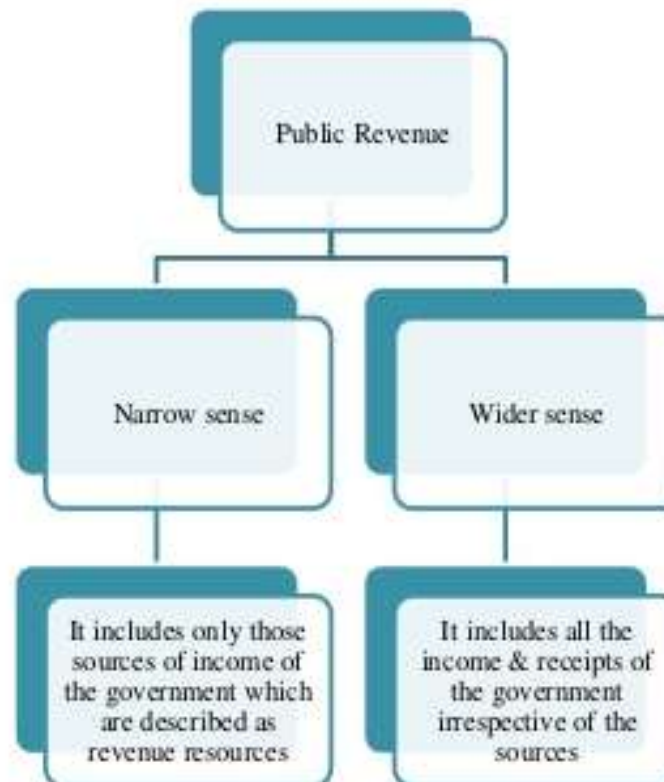


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PUBLIC REVENUE

- The term Public Revenue can Be used in two senses





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According to Dalton, however, the term “Public Income” has two senses — wide and narrow. In its wider sense it includes all the incomes or receipts which a public authority may secure during any period of time. In its narrow sense, however, it includes only those sources of income of the public authority which are ordinarily known as “revenue resources.”



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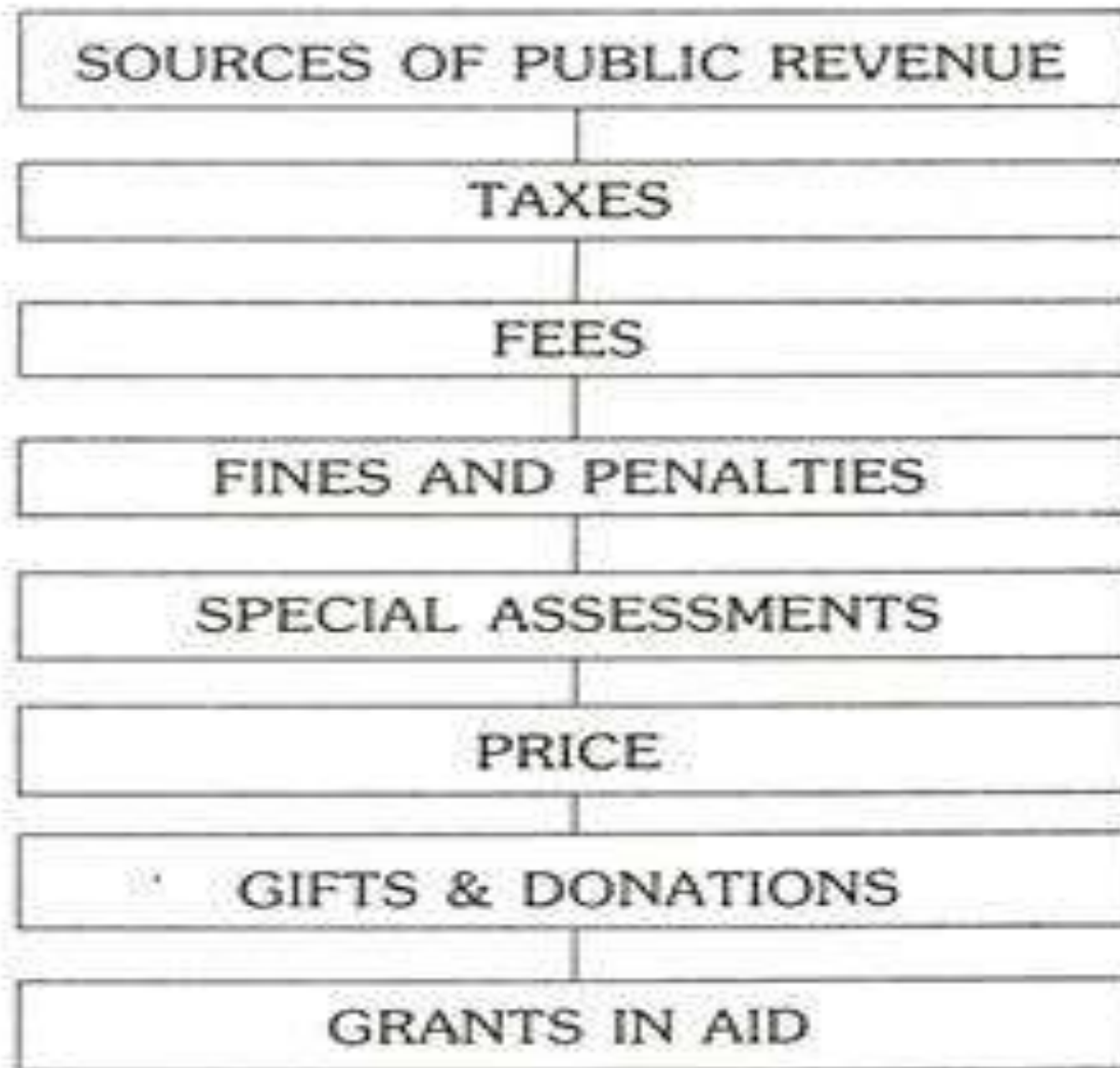


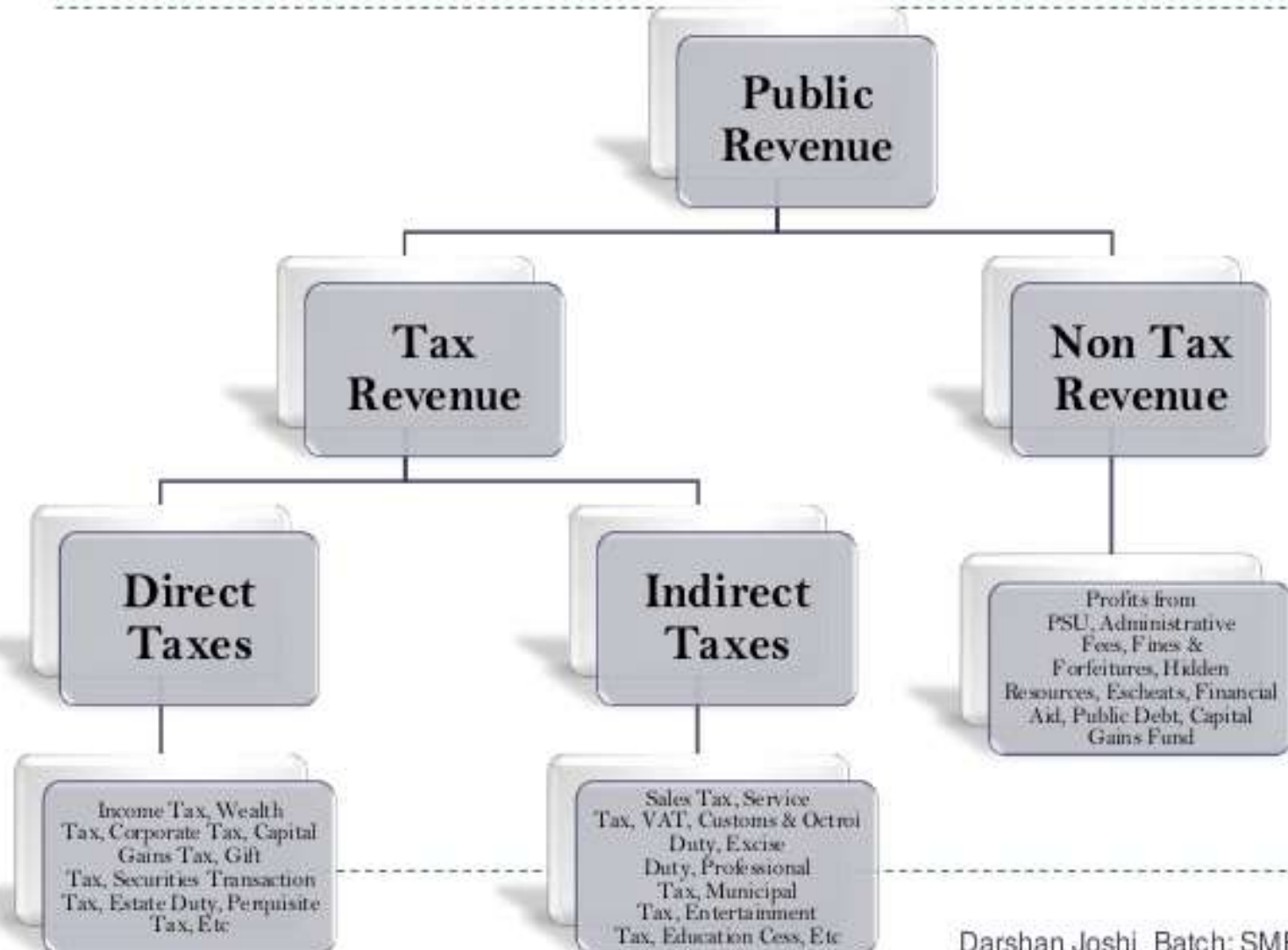
Chart I



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CLASSIFICATION



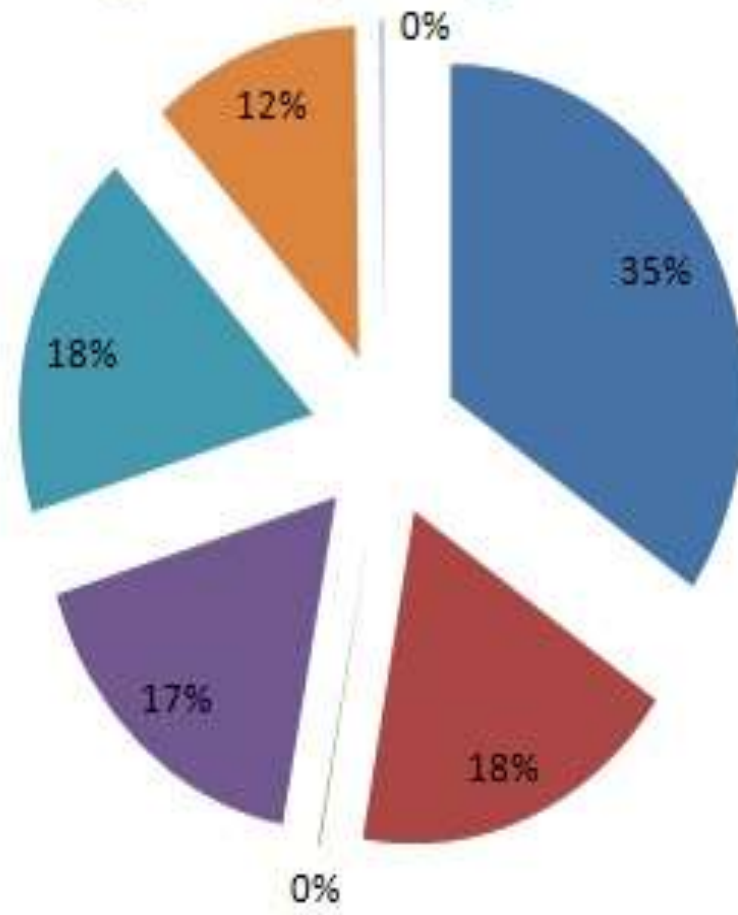


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Tax Revenue Breakup

■ Corporation Tax ■ Taxes on Income ■ Wealth Tax ■ Customs ■ Union Excise Duties ■ Service Tax ■ Taxes on UT





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Tax Revenue:

A fund raised through the various taxes is referred to as tax revenue. Taxes are compulsory contributions imposed by the government on its citizens to meet its general expenses incurred for the common good, without any corresponding benefits to the tax payer.

Non-Tax Revenue:

Public income received through the administration, commercial enterprises, gifts and grants are the source of non-tax revenues of the government.

Thus, nontax revenue includes:

- (i) Administrative revenue
- (ii) Profit from state enterprises
- (iii) Gifts and grants



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Broad classification of taxes is: Direct and Indirect Taxes

Direct taxes:

Direct taxes are levied on wealth and income of individuals or organizations.

These taxes are personal income tax, corporate tax, and gift or wealth tax. The impact of direct taxes is on the same person.

Direct taxes are developing in nature and the tax rate increases along with the tax base.

Progressive direct taxes are involved in falling income discrimination especially in rising countries.



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Following major direct taxes are stated: **Personal Income Tax**

Personal income tax is duty imposed on an individual or group of individuals after specific permissible deductions. Personal income taxes are planned as stated below:

Income (rs)	Rate
0-1, 60,000	0%
1, 60,000 – 5, 00,000	10%
5, 00,000 – 8, 00,000	20%
8, 00,000 and above	30%



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Exemptions

Senior citizens are exempted from payment of tax on income up to Rs: 2, 40,000.

Females are exempted from payment of tax on income up to Rs: 1, 90,000



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Corporate Tax:

Corporate tax is a duty that has to be paid on the profits registered corporate firms. Corporate tax is direct tax because the company is given legal entity.

Present corporate tax rates are:

For Indian Organization – 30% + 7.5% surcharge.

For Foreign organization – 40% + 2.5% surcharge.

In the year 2009-2010, Corporate Tax added to 40% of the Total Tax Revenue



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Other Direct Taxes:

List of other direct taxes include, Wealth tax, Interest tax, gift tax, Expenditure tax, etc.

The share of these taxes is unimportant.



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Major Indirect Taxes

a) Excise Duty :

These taxes are levied on manufactured goods and consumable goods in India

Excise duty is the chief and single largest source to generate revenue income

Rates of excise duty faces a declining trend

b) Customs Duty:

This duty is imposed on exports of selective range and imports

With revenue point of view, Custom duty has less importance

Peak rate of custom levy is 10%



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c) Service Tax:

This tax is imposed by specific category of firms, agencies or persons

Rate of service taxes have been increased progressively

d) Goods and Service Tax

Goods and service tax includes range of all taxes like excise duty, service tax, goods tax, VAT, etc
It covers goods and service charges in mostly all sectors

It generally simplifies the complexity of charges on good and services

Non tax revenues

Non Tax Revenue comprises all revenues apart from taxes accumulated to the Government.

Non tax revenues are funds that are generated from internal sources



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Agriculture Taxation

There are two broad types of **agricultural taxation** in developing countries, namely explicit and implicit **taxes**. Explicit **taxes** involve charges on land, **taxes** on inputs such as water, fertilizer, etc., and **taxes** on output. ... Implicit taxes involve taxes and/or subsidies of the non-agricultural sector, which change the terms of trade for agriculture.



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Value Added Tax (VAT)

A value-added tax (VAT) is a type of consumption tax that is placed on a product whenever value is added at a stage of production and at the point of retail sale.

The amount of VAT that the user pays is on the cost of the product, less any of the costs of materials used in the product that have already been taxed.



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VAT

VAT is levied on the gross margin at each point in the manufacturing-distribution-sales process of an item. The tax is assessed and collected at each stage, in contrast to sales tax that is only assessed and paid by the consumer at the very end of the supply chain.



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Goods and Services Tax

The Goods and Services Tax has revolutionized the Indian taxation system.

The GST Act was passed in the Lok Sabha on 29th March, 2017, and came into effect from 1st July, 2017.

GST (Goods and Services Tax) is the biggest indirect tax reform of India. GST is a single tax on the supply of goods and services. It is a destination based tax. GST will subsume Central Excise Law, Service Tax Law, VAT, Entry Tax, Octroi, etc



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Goods & Services Tax Law in India is a **comprehensive, multi-stage, destination-based tax** that will be levied on every **value addition**.

In simple words, GST is an indirect tax levied on the supply of goods and services. GST Law has replaced many indirect tax laws that previously existed in India.

GST



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Central Taxes

1. Central Excise Duty
2. Service Tax
3. Add. Custom Duty
4. Spl. Add. Duty of Customs
5. Central Sales Tax
6. Central Surcharges & Cesses

Goods & Services Tax

State Taxes

1. VAT
2. Octroi & Entry Tax
3. Purchase Tax
4. Luxury Tax
5. Taxes on lottery & gambling
6. State cesses & surcharges
7. Entertainment Tax



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