

PUBLIC REVENUE

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PUBLIC REVENUE

Meaning

- Earlier we studied the various public expenditures which the modern governments have to make & to make them, the governments need income & public revenue is nothing but the income of states or governments.
- The various sources through which public revenue is secured are sources like taxes, commercial revenues, administrative revenues, grants & gifts.

Classification of Public Revenue

TAX REVENUE		NON-TAX REVENUE
Direct Tax	Indirect Tax	
Income Tax	Excise Duty	Commercial Revenue
Wealth Tax	Customs Duty	Administration Revenue
Expenditure Tax	Sales Tax	Grants Gifts
Death Duty	VAT	
Gift Tax		

TAXES

“A tax is 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.” - Seligman

Characteristics of a Tax

- It is a Compulsory contribution
- It is a personal obligation
- It is a contribution for common benefit
- It is paid without any direct benefits
- It involves an element of sacrifice
- It is a legal collection.

Classification of Taxes or Tax Structure

1. Classification on the basis of Tax Base

1. Direct Taxes

2. Indirect Taxes

Dalton made a distinction between direct & indirect taxes as, “that a direct tax is really paid by a person on whom it is legally imposed, while an indirect tax is imposed on one person, but paid partly, or wholly by another, owing to consequential changes in the terms of some contract or bargaining between them”.

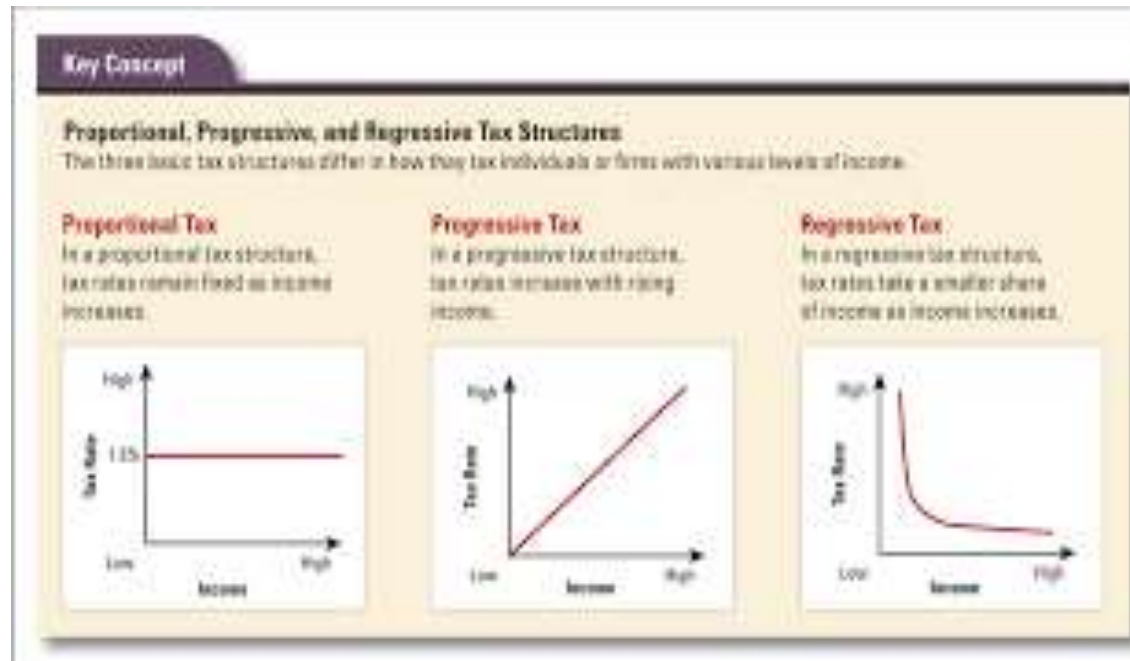
Classification on the basis of Tax Base

Direct Tax	
Merits	Demerits
Equity	Inconvenience
Elasticity	Possibility of evasion
Productivity	Narrow based
Economy	Arbitrary
Reduces Inequality	Dis-incentive Effect
Civic consciousness	High cost of collection

Indirect Tax	
Merits	Demerits
Convenience	Unjust & inequitable
Justice	Uncertainty
Elastic	High cost of collection
Universality	Evasion possible
Difficult to evade	Inflationary
Can control consumption	Loss to the society
Can help resources mobilisation	Poor civil consciousness
Complementary to direct taxes	

2. Classification on the basis of Tax Rate

1. Proportional Taxes
2. Progressive Taxes
3. Regressive Taxes
4. Digressive Taxes (mildly progressive)



3. Classification on the basis of Tax Authority

1. Central Taxes
2. State Taxes
3. Local Taxes

4. Classification on the basis of Value & Quantity

1. Ad valorem
(Value of commodity)
2. Specific
(Weight or quantity of commodity)