

# **PUBLIC REVENUE**



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## **MEANING OF PUBLIC REVENUE :**

**Government needs to perform political, social and economic duties so as to maximize social and economic welfare. In order to perform these duties and functions government requires large amount of resources .**

**These sources of revenue to the governments, viz. Central, State and Local Governments, are called Public Revenues.**

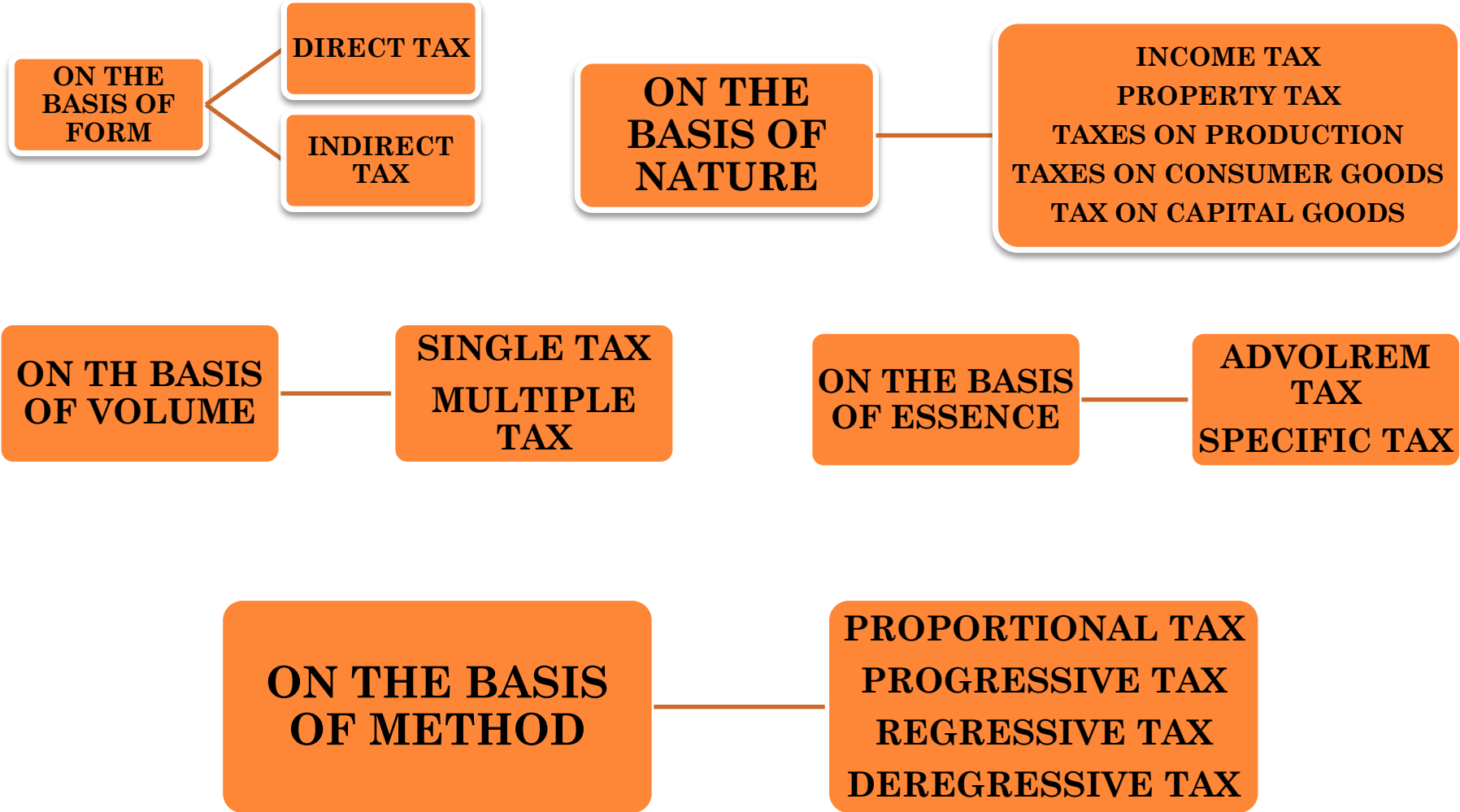


## **THE MAIN CHARACTERISTIC OF A TAX ARE AS FOLLOWS:**

- A tax is a compulsory payment
- There is no direct, quid pro quo between the tax-payers and the public authority.
- A tax is levied to meet public spending incurred by the government in the general interest of the nation.
- It is a payment for an indirect service to make by the government to the community as a whole.
- A tax is payable regularly and periodically as determined by the taxing authority.



# CLASSIFICATION OF TAXES



# SOURCES OF PUBLIC REVENUE

The government derives revenue in different ways from the public. The common methods of raising the resources are taxes, prices, fees, fines and penalties, gifts , grants, special assessment.

Generally, tax revenue and non-tax revenue are considered as the sources of government revenue. But in a broader sense, the government also receives revenue from foreign aid.



**PUBLIC REVENUE**

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graph TD; A[PUBLIC REVENUE] --> B[TAX REVENUE]; A --> C[NON TAX REVENUE]; B --> D[DIRECT TAX]; B --> E[INDIRECT TAX];
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**TAX REVENUE**

**NON TAX  
REVENUE**

**DIRECT TAX**

**INDIRECT TAX**





# TAX REVENUE

Tax is a compulsory contribution of the wealth of a person that is to say, it involves a sacrifice on the part of the contributor.

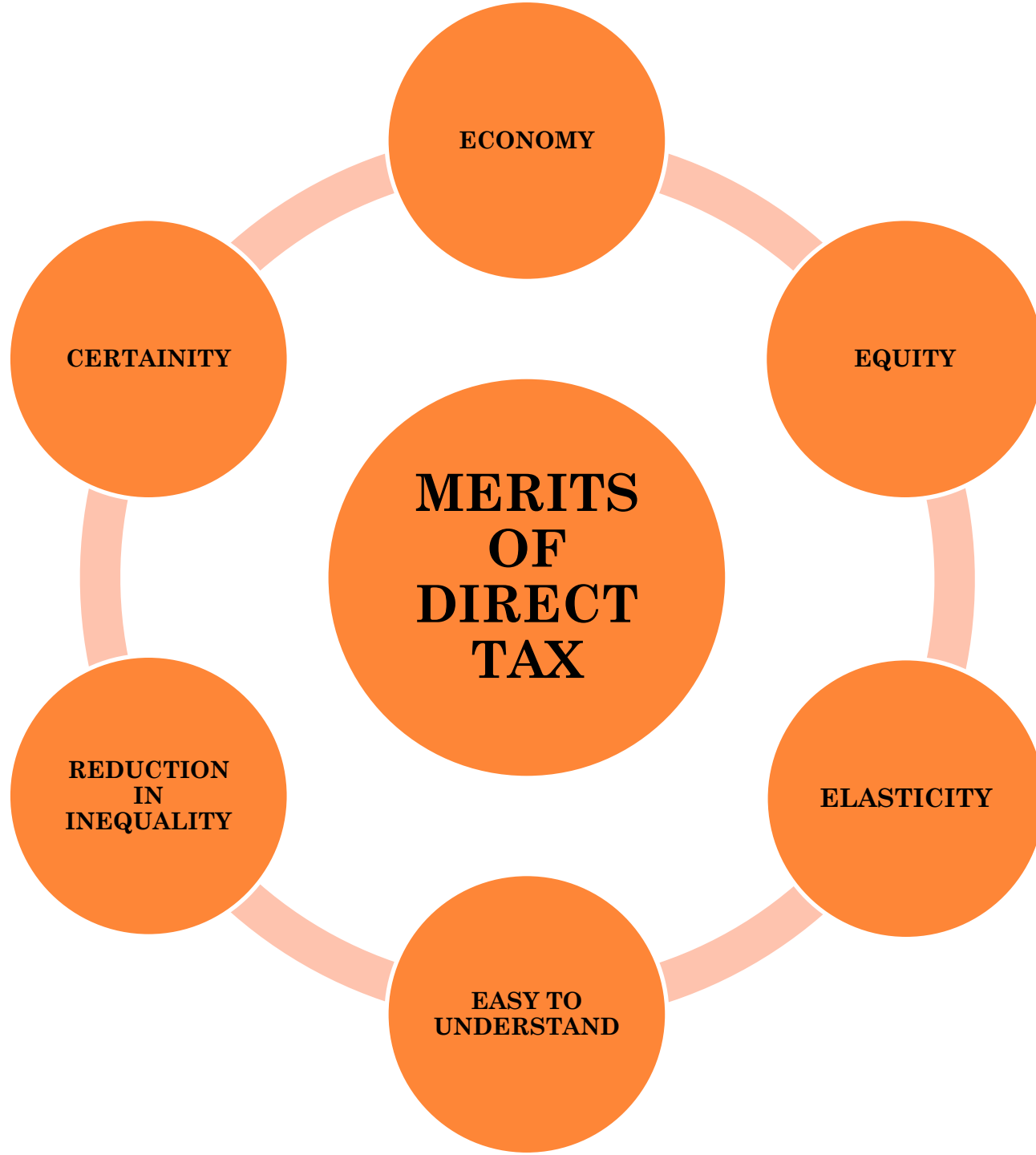
Tax Revenue is the income gained by governments through taxation

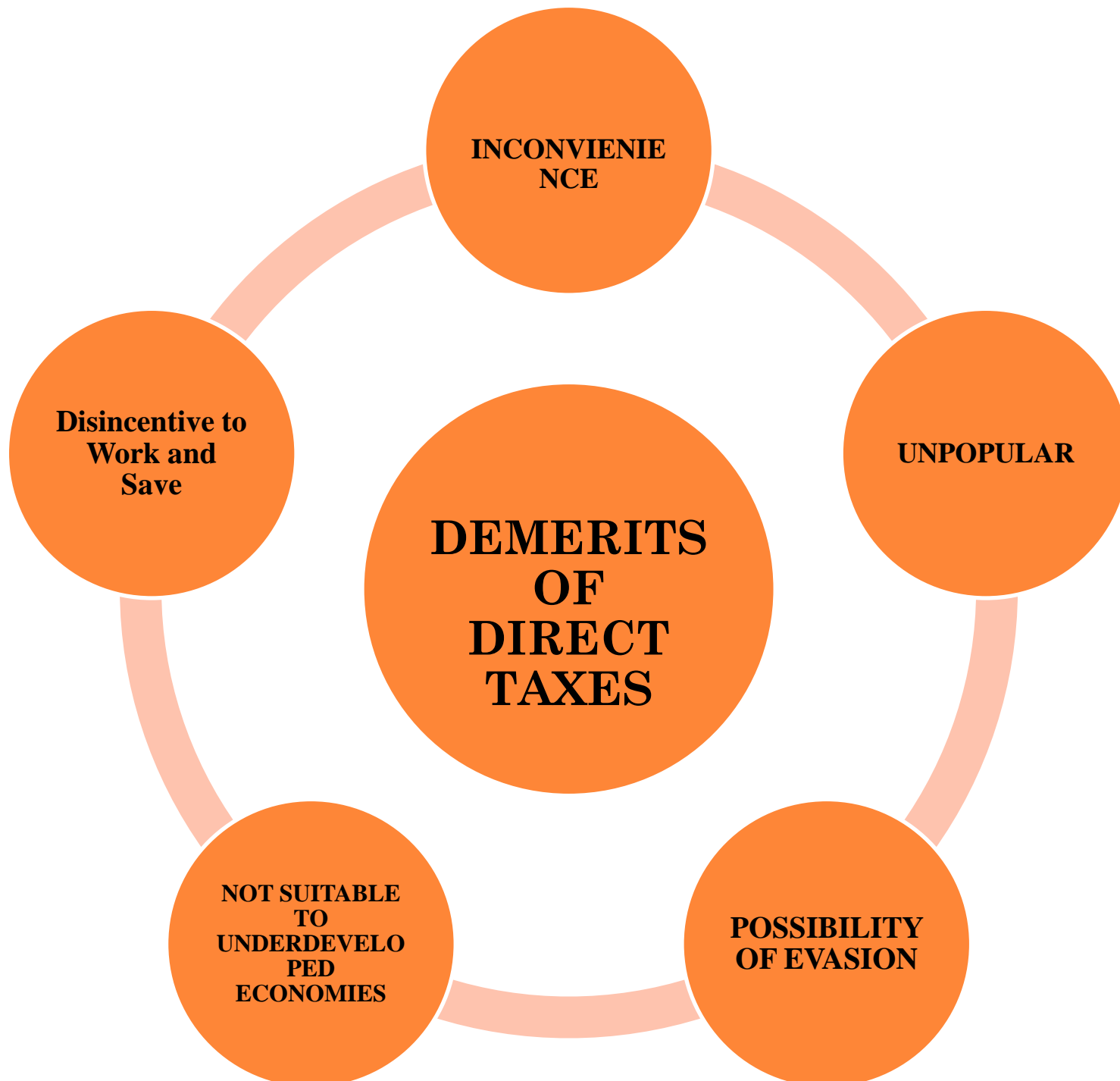


# DIRECT TAX

- Direct tax is a tax imposed and collected directly from person on whom it is legally imposed.
- The burden of it falls on one person and cannot be shifted to another person.
- Income Tax, Wealth Tax, Corporate Tax, Capital Gains Tax, Gift Tax, Estate Duty are Direct Taxes.



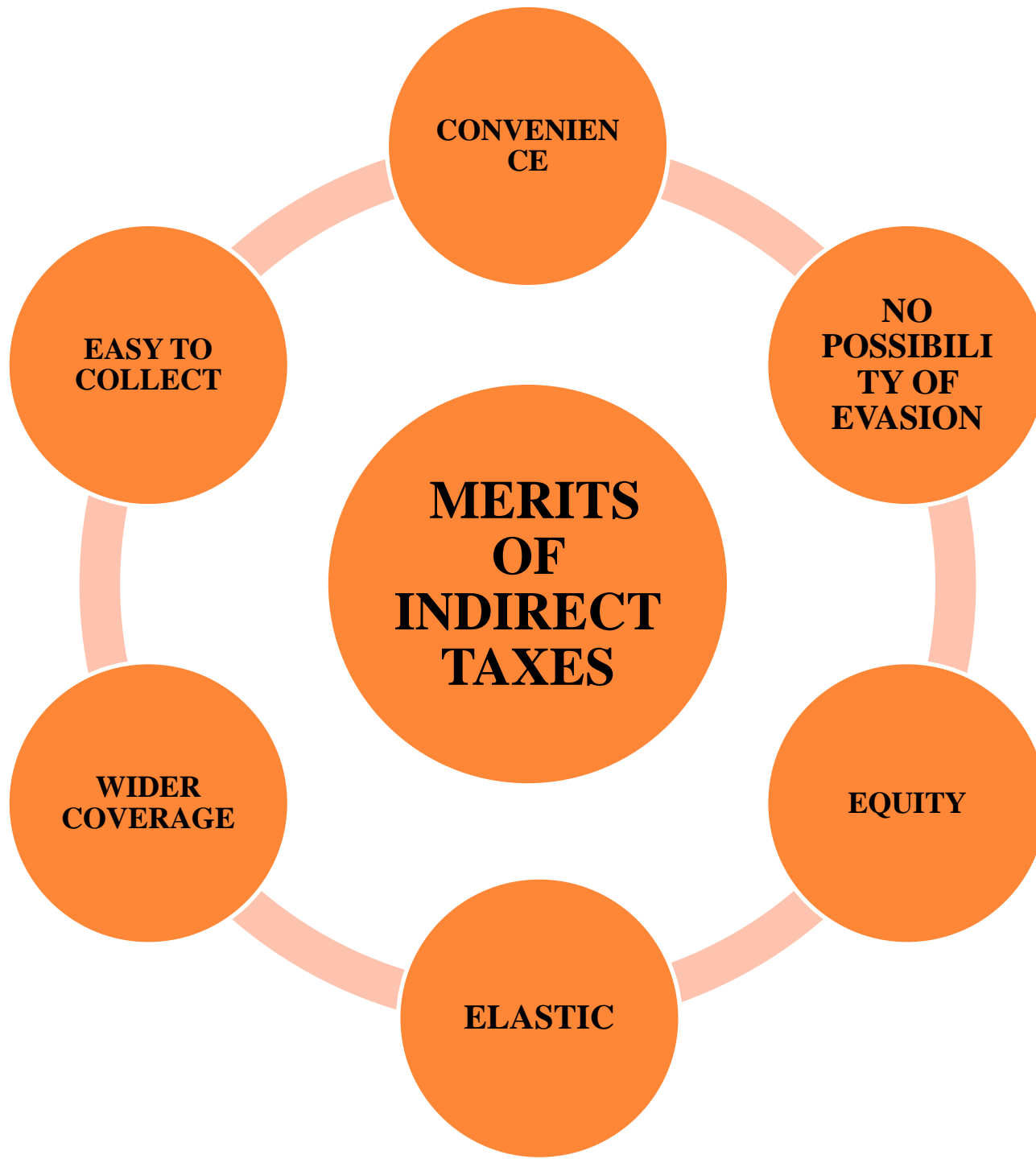


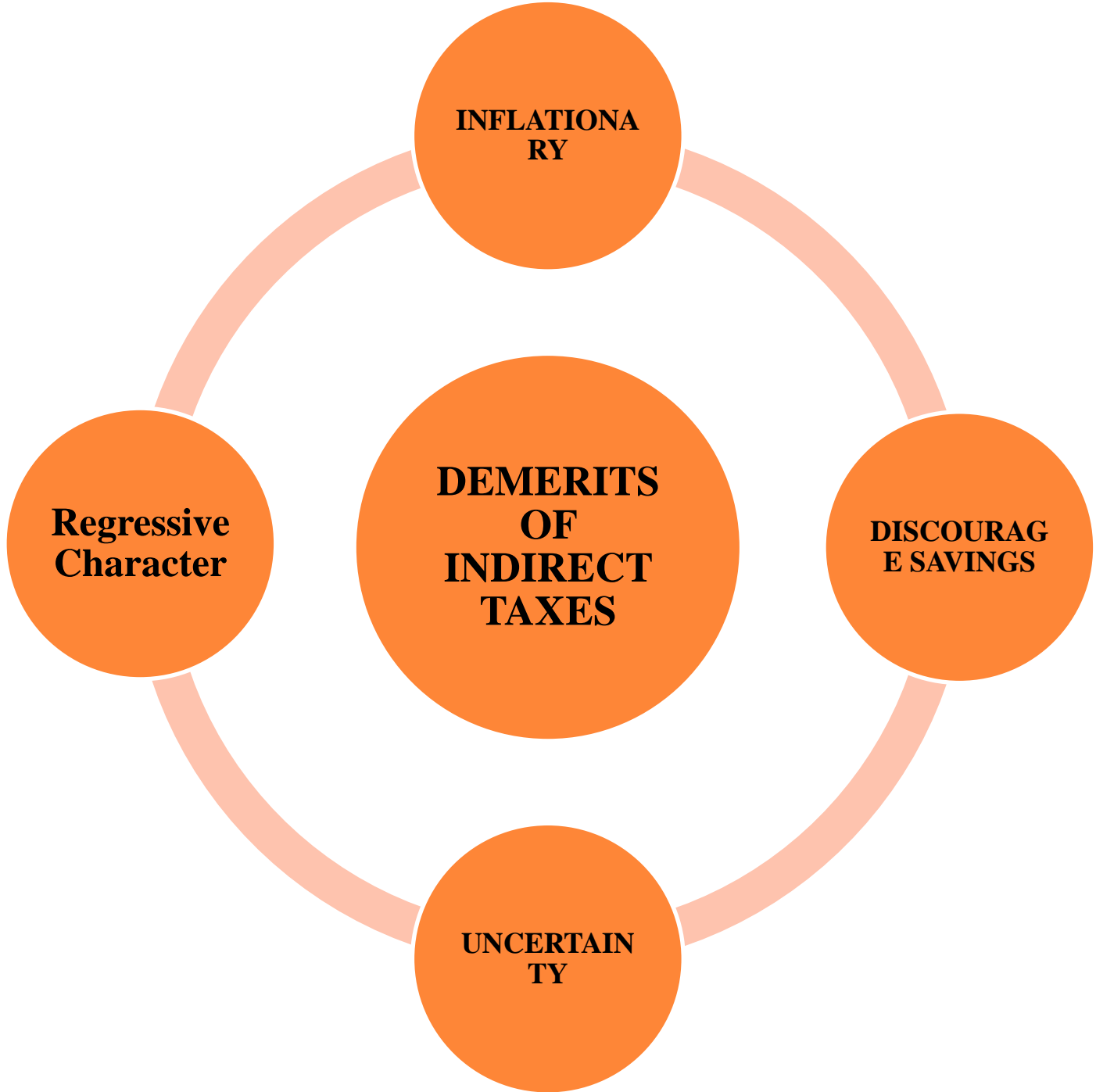


# INDIRECT TAX

- Indirect Tax is collected by an intermediary from the person who bears the ultimate burden.
- An indirect tax is one that can be shifted by the taxpayer to someone else.
- Value Added Tax (VAT), Customs and Octroi Duties, Excise Duty, Professional Tax, Municipal Tax, Entertainment Tax, Etc. are Indirect Taxes.







## DIRECT TAXES

## INDIRECT TAXES

**It is levied on income and activities conducted.**

**It is levied on product or services.**

**The burden of tax cannot be shifted in case of direct tax.**

**The burden of tax shifted for indirect taxes.**

**It is paid directly by person concerned.**

**It is paid by one person but he recovers the same from another person i.e. person who actually bear the tax ultimate consumer.**

**It is paid after the income reaches in the hands of the taxpayer**

**It is paid before goods/service reaches the taxpayer.**

**Tax collection is difficult.**

**Tax collection is relatively easier.**

**Example Income tax, wealth tax etc.**

**Example GST, excise duty custom duty sale tax service tax**



# **NON-TAX REVENUE**

**Non-Tax Revenue is the recurring income earned by the government from sources other than taxes.**

**It arises on account of administrative function of the government. These are incomes which the government gets in the form of interest, dividend, profit, fees, fines and external grants as explained below.**



# NON TAX REVENUE

FEES

FINES & PENALTIES

FORFEITURES

PRICE

ESCHEATS

GIFTS AND GRANTS

BORROWINGS

PRINTING OF PAPER MONEY



## CONCLUSION

Direct and indirect taxes are defined according to the ability of the end taxpayer to shift the burden of taxes to someone else. Direct taxes allow the government to collect taxes directly from consumers and is a progressive type of tax, which also allows for cooling down of inflationary pressure on the economy. Indirect taxes allow the government to expect stable and assured returns and brings into its fold almost every member of the society – something which the direct tax has been unable to do.

Both direct and indirect taxes are important for the country as they are intricately linked with the overall economy. As such, collection of these taxes is important for the government as well as the well-being of the country. Both direct taxes and indirect taxes are collected by the central and respective state governments according to the type of tax levied.

