

# Definition of Tax

- The term ‘tax’ has been derived from the French word ‘taxe’, which means ‘to charge’.
- “Taxes are compulsory payment to government without expectation of direct return in benefit to the taxpayer.” –P.E.Taylor
- According to Section 2(62) of the ITO 1984, “tax means the income tax payable under the ordinance and includes any additional tax, excess profit tax, penalty, interest, fees or other charge livable or payable under this ordinance.

# Characteristics of Tax

- ❑ Tax is a compulsory payment to the govt. by every able citizen.
- ❑ Tax is a non-penal payment to govt.
- ❑ Tax is not a fine or penalty.
- ❑ Tax is compulsory for every corporate company.
- ❑ Tax is imposed by only govt.
- ❑ Tax is the prime source of governmental revenues.
- ❑ Tax is not a service charge.
- ❑ Tax is paid without receiving any benefits.
- ❑ Tax is used in govt. expenditures.
- ❑ Tax is the major factor of govt. economy.

# Identify Adam Smith's canons of Taxation briefly.

 According to Adam Smith, Taxation must have the following four canons:

- ❑ **Canon of equality:** This principle implies that the burden of taxation must be distributed equally to the taxpayers according to ability.
- ❑ **Canon of certainty:** This principle suggests that the tax which an individual has to pay, should be certain and not arbitrary.
- ❑ **Canon of economy:** This principle confirms to help the state economy by taxation.
- ❑ **Canon of convenience:** This principle states that every tax ought to be levied in which it is most likely to be convenient for the contributor to pay it.

# Explain Role/Importance of Income Tax in the Economic development of Bangladesh.

➔ Income tax has the following role/importance in the economic development of Bangladesh:

- ❑ Income tax is the best revenue collection for the govt.
- ❑ Income tax ensures the re-distribution of income.
- ❑ Income tax increases savings of the country.
- ❑ Income tax increases the capital investment.
- ❑ Income tax helps for the economic development of a country.
- ❑ Income tax ensures the tax holiday schemes for industrial development.
- ❑ Income tax helps to get investment allowance.
- ❑ Income tax helps to get accelerated depreciation allowance.
- ❑ Income tax helps for tax incentives for small and cottage industries.
- ❑ Income tax helps for tax incentives for foreign investors.
- ❑ Income tax ensures tax exemptions in certain expenditures.

# Income Tax Payment Modes:

➔ The tax rates is applicable in the assessment year 2018-2019 as follows:

Income Slab	Rate	Taka
On the first Tk. 2,50,000 of total income	0%	Nil
On the next Tk. 4,00,000 of total income	10%	40,000
On the next Tk. 5,00,000 of total income	15%	75,000
On the next Tk. 6,00,000 of total income	20%	1,20,000
On the next Tk. 3,00,0000 of total income	25%	7,50,000
On the balance of Total income	30%	-----