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# Principles and Theories of Taxation

- The Benefit Principle
- The Ability-to-Pay Principle
- The Equal Distribution Principle

## Structures of a Tax System

- A tax is proportional.
- A tax is regressive.
- A tax is progressive.

# Significance of Taxation

- 1 To equitably contribute to the wealth of the nation.
- 2 To protect new industries.
- 3 To protect local producers.

## Basic Principles of the Tax System

- 1 Fiscal adequacy
- 2 Equality or Theoretical Justice
- 3 Administrative Feasibility
- 4 Consistency or Compatibility with Economic Goals

# Essential Characteristics of Tax

- It is enforce contribution.
- It is generally payable in cash.
- It is proportionate in character.
- It is levied on person or property.
- It is levied by the state which has jurisdiction over the person or property.
- It is levied by the lawmaking body of the state.
- It is levied for public purposes.