



Sadiq Public School

Do the right, fear no man

Subject: Economics Class: I2 Day: Saturday Date: 16th Nov 2024

Lesson: Chapter No. 4 [Different Kinds of Taxes, Cannons of Taxation]

A) **Inquiry:** How can governments levy taxes while minimising negative effects on the economy? What are the principles that should underpin taxation and how do these impacts on our daily lives?

B) **Information:**
(Read your text book pages from (Page no. 92 to 97)

There are following different kinds of taxes:

- 1. Direct Tax
- 2. Indirect Tax
- 3. Proportional Tax
- 4. Progressive Tax
- 5. Regressive Tax

1. **Direct Tax:**
It is a tax which is imposed on the person and it is payable by the same person. Direct tax is paid by the person on whom it is legally imposed. This tax is not transferable to other persons. For example, income tax, property tax.
2. **Indirect Tax:**
It is a tax which imposed on one person but may be shifted to another person. So the final burden of the tax is on other person. For example, sales tax, custom duty
3. **Proportional tax:**
If the rate of tax is same whether the income of a person is increasing or decreasing, the tax is called proportional tax e.g. sales tax.

Income (Rs.)	Rate of tax
1 million	10 %
2 million	10 %
3 million	10 %
4 million	10 %
5 million	10 %

4. **Progressive Tax:**
If the rate of tax increases with the increase in income and decreases with the decrease in income, the tax is called progressive tax e.g. income tax.

Income (Rs.)	Rate of tax
1 million	5 %
2 million	10 %
3 million	15 %
4 million	20 %
5 million	25 %

5. Regressive tax:

It is opposite of progressive tax. If the rate of tax decreases with the increase in income and the rate of tax increases with the decrease in income, the tax is called regressive tax.

Income (Rs.)	Rate of tax
1 million	25 %
2 million	20 %
3 million	15 %
4 million	10 %
5 million	5 %

Canons of Taxation:

Various economists have described certain principles of taxation, which the government must consider so that the amount may be collected properly and be spent for the desired objectives. The first four principles have been described by Adam Smith and the rest of them been described by various economists.

- Canon of Equality
- Canon of certainty
- Canon of convenience
- Canon of Economy
- Canon of Simplicity
- Canon of Elasticity
- Canon of Elasticity
- Canon of productivity
- Canon of Development
- Canon of Diversity

C) Synthesizing / Absorbing information

- Define different kinds of taxes with the help of examples?
- Briefly describes the canon of taxations?

D) Practising:

Read your text book pages from 92 to 97 and answers the above questions

E) Assessment for learning

Answer the following questions.

- What is progressive tax?
- Write down the different kinds of taxes?
- What is meant by “canon of Equality”.
- What is an indirect tax?

F) Feedback:

Write your answers into an email message and send it to me. If you have any question about this topic please send me an email I will reply ASAP.

Class	Teacher’s Name	Teacher’ s Abbreviation	Teacher’s Email Address	Instructions
I2GB	Bushra Bajwa	BB	Bushrabajwa786@gmail.com	I2GB students will send their home assignments to their subject teacher (BB) for checking and getting feedback.
I2D	Muzammil Naseer	SMN	Muzammilnaseer335@gmail.com	I2D students will send their home assignments to their subject teacher (SMN) for checking and getting feedback.