

# **Rizvi College of Arts, Science and Commerce**

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**Topic: Sources of Revenue  
SYBCOM  
Business Economics-IV**

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# SOURCES OF GOVERNMENT REVENUE



# CONVENTIONAL GOVERNMENT REVENUE

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- ✓ Tax Revenue
- ✓ Non-Tax Revenue
- ✓ Non-Revenue Receipts

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- **Tax Revenue is a compulsory contribution that is imposed by the government on private individuals & organizations**

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Furthermore, tax revenue is the most important source of government revenue, i.e.

**Direct  
Tax**

**Indirect  
Tax**

- Taxes where the burden of the tax falls on the taxpayer & cannot be shifted to someone else

## Example

➤ **INCOME TAX**

➤ **WEALTH TAX**



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- **Taxes where the burden of tax can be shifted to another person**

### **Example**

- **SALES TAX**
- **CUSTOM DUTIES**
- **EXCISE DUTIES**
- **GST**



# NON-TAX REVENUE

- It is a revenues which arise from other sources beside tax
- It includes receipts from Licenses, Regulation Fees & Permits, Services Fees, Sales of Goods, Interests & Returns on Investment

# NON-REVENUE RECEIPT

- NON-REVENUE RECEIPT includes refunds of expenditure, interdepartmental credits, refunds of overpayment & erroneous government

# Types of Tax structure

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- **Progressive Tax**
- **Propotional Tax**
- **Regressive Tax**

# Progressive Tax

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- People with higher incomes pay a higher percentage in taxes. Federal and State income tax are progressive taxes.
- Simple “the more you make the more they take”

<b>INCOME</b>	<b>Amount Paid in Taxes</b>	<b>Amount Paid as a percentage of Income</b>
<b>\$10,000</b>	<b>\$1,000</b>	<b>10%</b>
<b>\$50,000</b>	<b>\$ 10,000</b>	<b>20%</b>
<b>\$100,000</b>	<b>\$ 30,000</b>	<b>30%</b>

# Progressive Tax

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# Proportional Taxes

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- Regardless of Income, the same tax rate is imposed upon everyone. Another term for a proportional tax is a flat tax.
- If there is a 20% flat tax, how much do you pay in taxes if you earn \$10,000? What if you earn \$100,000?
- Note as a person's income increases, the percentage of total income paid in taxes remains the same.
- Property Tax is a proportional tax.

# Proportional Tax



# Regressive Taxes

- The lower the income the higher percentage paid in taxes.
- Sales tax is an example of a regressive tax. Assume two families paid \$1000 in sales tax by the end of the year. Which family spent a higher percent of their income on taxes?

<b>Income</b>	<b>Amount paid in taxes</b>	<b>Amount paid in taxes as a percentage of their income.</b>
<b>\$10,000</b>	<b>\$1000.00</b>	<b>10%</b>
<b>\$50,000</b>	<b>\$1000.00</b>	<b>5%</b>

# Regressive Tax

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Thank you