

**PURPOSE OF TAXATION (3.5)**



**Taxation**

Def This is how the Government collects money from people and business which is then used to pay for public services

1

**PURPOSE OF TAXATION (3.5)**



**Principle of Taxation**

1. Equality - The tax paid should take into consideration the ability to pay the amount
2. Certainty - The person should know how much tax they are paying.
3. Economy - The cost of collecting the tax should not be more that how much is collected
4. Convince - It should be easy to pay the taxes when they are due

2

**PURPOSE OF TAXATION (3.5)**



**The purpose of Taxation**

Taxes are used for the following reasons -

1. Financial,
2. Social,
3. Legal,
4. Ethical

3

**PURPOSE OF TAXATION (3.5)**



**Financial**

Financial reason include the following

1. Provide and revenue for the Government
2. For economy purposes -control inflation
3. Aid enterprise - Provide grants
4. Repay the national debt (servicing)

4

**PURPOSE OF TAXATION (3.5)**



**Social**

Social reason include the following

1. Redistribute wealth - provide less well off (social welfare payments)
2. Discourage bad behaviour - tax on tobacco

5

**PURPOSE OF TAXATION (3.5)**



**Legal**

Legal reason Included

1. It is compulsory under Irish law

6

**PURPOSE OF TAXATION (3.5)**



**Ethical**

Ethical Reason Included

1. Fairness - applies to everyone depending on their ability to pay

7