Certificate Programme in Public Finance Management

Revenue Administration and Taxation

Revenue Administration and Taxation

Revenue administration and taxation are key components of public finance management that involve the collection of taxes and other sources of revenue to fund government operations and services. This glossary will provide a comprehensive overview of terms related to revenue administration and taxation in the context of the Certificate Programme in Public Finance Management.

Ad Valorem Tax

An ad valorem tax is a tax that is based on the value of a good or service. The tax amount is calculated as a percentage of the value of the item being taxed. For example, property taxes are often based on the assessed value of the property.

Base Erosion and Profit Shifting (BEPS)

Base erosion and profit shifting (BEPS) refers to tax planning strategies used by multinational companies to shift profits from high-tax jurisdictions to low-tax jurisdictions in order to minimize their tax liability. This practice can have negative impacts on government revenue and tax fairness.

Capital Gains Tax

A capital gains tax is a tax on the profit made from the sale of an asset, such as stocks, real estate, or other investments. The tax is calculated based on the difference between the purchase price and the sale price of the asset.

Compliance

Compliance refers to the act of obeying the rules and regulations set forth by tax authorities. Taxpayers are required to comply with tax laws by accurately reporting their income, deductions, and credits, and paying the correct amount of tax owed.

Corporate Income Tax

Corporate income tax is a tax imposed on the profits earned by corporations. The tax rate is typically applied to the net income of a corporation after deducting expenses, depreciation, and other allowable deductions.

Double Taxation

Double taxation occurs when the same income is taxed twice by two different tax jurisdictions. This can happen when a taxpayer is subject to taxes in both the country where the income is earned and the country of residence.

Excise Tax

An excise tax is a tax on specific goods, such as alcohol, tobacco, gasoline, or luxury items. The tax is typically imposed at the point of production or importation and is often included in the price of the product.

Fiscal Policy

Fiscal policy refers to the government's use of taxation and spending to influence the economy. Fiscal policy can be expansionary, aimed at stimulating economic growth, or contractionary, aimed at reducing inflation.

Goods and Services Tax (GST)

A goods and services tax (GST) is a value-added tax that is levied on the sale of goods and services. The tax is applied at each stage of the production and distribution process, with the final consumer ultimately bearing the tax burden.

Income Tax

Income tax is a tax imposed on an individual's or corporation's income. The tax is typically calculated based on the taxpayer's taxable income, which is the total income minus allowable deductions and exemptions.

Indirect Tax

An indirect tax is a tax that is levied on goods and services rather than on income or profits. Indirect taxes are typically included in the price of the goods or services and are ultimately paid by the consumer.

Inheritance Tax

An inheritance tax is a tax imposed on the transfer of assets from a deceased person to their heirs. The tax is based on the value of the assets transferred and is paid by the heirs.

International Taxation

International taxation refers to the tax rules and regulations that apply to cross-border transactions and activities. International taxation can be complex due to the different tax laws of various countries.

Property Tax

Property tax is a tax imposed on the value of real estate or other property owned by an individual or corporation. The tax is typically based on the assessed value of the property and is used to fund local government services.

Progressive Tax

A progressive tax is a tax system in which the tax rate increases as the taxpayer's income increases. The idea behind a progressive tax system is to redistribute wealth and promote tax fairness.

Regressive Tax

A regressive tax is a tax system in which the tax rate decreases as the taxpayer's income increases. Regressive taxes tend to place a greater burden on low-income individuals than on high-income individuals.

Revenue

Revenue is the total income generated by a government from taxes, fees, fines, and other sources. Revenue is used to fund government operations, services, and programs.

Revenue Collection

Revenue collection refers to the process of collecting taxes and other sources of revenue from taxpayers. Effective revenue collection is essential for funding government activities and services.

Revenue Forecasting

Revenue forecasting is the process of estimating future government revenue based on economic trends, tax policies, and other factors. Accurate revenue forecasting is crucial for effective budgeting and planning.

Revenue Mobilization

Revenue mobilization refers to the efforts made by governments to increase tax compliance and collection. Effective revenue mobilization is essential for financing government activities and reducing budget deficits.

Revenue Sources

Revenue sources are the various ways in which governments generate income. Common revenue sources include taxes, fees, fines, grants, and borrowing.

Self-Assessment

Self-assessment is a tax compliance system in which taxpayers are responsible for calculating and reporting their own tax liability. Taxpayers are required to file tax returns and pay the amount of tax owed.

Tax Avoidance

Tax avoidance is the legal practice of arranging one's financial affairs in a way that minimizes tax liability. Tax avoidance is different from tax evasion, which is illegal.

Tax Evasion

Tax evasion is the illegal practice of not paying taxes owed to the government. Tax evasion can involve underreporting income, inflating deductions, or hiding assets in offshore accounts.

Tax Policy

Tax policy refers to the government's decisions regarding taxation, including tax rates, exemptions, deductions, and credits. Tax policy is used to achieve economic, social, and fiscal objectives.

Tax Rate

The tax rate is the percentage of income, profits, or value of goods and services that is paid in taxes. Tax rates can vary based on the type of tax and the taxpayer's income level.

Tax Refund

A tax refund is a reimbursement of excess taxes paid to the government. Taxpayers who have overpaid their taxes are entitled to a refund of the overpayment.

Tax Return

A tax return is a document filed with the tax authorities that reports the taxpayer's income, deductions, credits, and tax liability for a specific period. Tax returns are used to calculate the amount of tax owed or refund due.

Tax System

A tax system is the set of rules and regulations that govern the imposition and collection of taxes. Tax systems can be progressive, regressive, or proportional, depending on how tax rates are applied.

Value-Added Tax (VAT)

A value-added tax (VAT) is a consumption tax that is levied on the value added at each stage of the production and distribution process. VAT is a common form of indirect tax used in many countries.