

1. The Concept and Characteristics of Tax

Tax is a **financial commitment** obtained by the state under specific rules, **mandatory and definitive**, to fund public expenses and achieve welfare **without direct benefit** to taxpayers.

Main characteristics:

1. **Cash obligation** – paid in money.
 2. **Imposed by the state** – through legislative authority.
 3. **Without direct benefit** – benefits are indirect via public services.
 4. **Mandatory obligation** – must be paid by all.
 5. **Definitively collected** – non-refundable.
 6. **A tool for social and economic goals** – achieves justice and development.
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2. Tax Objectives

Four main objectives:

- **Financial:** Provide revenue to cover public expenditures.
 - **Economic:** Protect local industries, attract investments, regulate consumption, and stabilize economy.
 - **Social:** Reduce income inequality, fund services, and support the poor.
 - **Political:** Assert sovereignty and control within the country.
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3. Basic Rules (Principles) for Imposing Tax

1. **Tax Justice** – based on taxpayer's financial ability.
 2. **Stability** – laws must be consistent and predictable.
 3. **Economizing** – collection costs should be minimal.
 4. **Regionalism** – tax applies to all activities within the state's borders.
 5. **Flexibility** – adjusts with economic conditions.
 6. **Clarity and Relevance** – laws should be clear about base, rate, and collection.
 7. **Annual Principle** – imposed annually on 12-month income.
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4. Types and Classifications of Taxes

Based on various criteria:

1. **Transfer of Burden:**

- *Direct taxes*: borne by the taxpayer (e.g., income tax).
 - *Indirect taxes*: burden passed to others (e.g., VAT, customs).
2. **Personal Circumstances:**
- *Personal taxes*: consider ability to pay.
 - *In-kind taxes*: ignore personal circumstances.
3. **Tax Object:**
- *Income taxes* – on earnings.
 - *Capital/wealth taxes* – on assets like real estate.
 - *Usage taxes* – on spending (VAT, goods & services).
4. **Tax System:**
- *Qualitative*: separate taxes by source.
 - *Unified*: one tax on total income.
 - *Hybrid*: combination of both.
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5. Nature of Tax Accounting

Tax accounting is a **branch of accounting** that provides financial data to **determine and collect taxes** and **plan tax policy**.

It combines **accounting principles** and **tax laws**, requiring businesses to maintain **books and reports** to identify **taxable revenues and deductible costs**.

6. Objectives of Tax Accounting

1. Identify the **taxpayer**.
 2. Identify the **taxable object**.
 3. Determine the **tax base**.
 4. Calculate the **tax due**.
 5. Provide **tax information** for decision-making.
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7. Elements (Pillars) of the Tax System

1. **Tax Legislation:**
 - *Tax Law* – issued by parliament.
 - *Executive Regulation* – issued by Minister of Finance.
 - *Explanatory Instructions* – from the Tax Authority.
2. **Tax Administration:**
 - Enforces laws via **examination, assessment, and collection**.
 - Includes: General Tax Authority, Real Estate Tax Authority, and Customs Authority.
3. **Taxpayers:**
 - Individuals or entities **subject to tax law** and **obliged to pay** taxes.