Semester V

MJC 9

PUBLIC Finance

Unit 2

Sources of Revenue

Topic

Cannons of Taxation

Any standard book on Public Finance or Indian Economy holds chapters related to Cannons of Taxation.

We will pick up a relatively easier topic namely Grant in Cannons of Taxation.

Any student can cope with it on his own provided that he reads the right text in the form of books/articles and the contents provided in the link below.

Not much economics knowledge would be required to navigate through this chapter but would require some common sense appreciation .

The canons of taxation are a set of guiding principles for designing an efficient, equitable, and effective tax system. They were first systematically outlined by Adam Smith in his 1776 book The Wealth of Nations and have since been expanded upon by modern economists.

Below are given two links to follow for basic appreciation of this modern idea in the context of widening role of the government and growing taxation by the government to meet its expenditure .

With an increasing inclination by governments to resort to taxation, these principles remain important....

Taxation being the most important source of revenue for the government, these guidelines/ guiding principles are necessary to check the governments predilection to overspend and hence overtax.

New Cannons were added to supplement the original four and make it more relevant for the day.

https://taxproject.org/four-canons-of-taxation/

and

https://www.scribd.com/document/822036214/Canons-of-Taxation-9

After having gone through the content you should be able to answer the following questions

1. What are the Cannons of Taxation? What is its relevance in government finance today?
2. Can the Cannons of Taxation be ignored? Explain the extent to which it is being followed today?