



View

Topic :Tax. 3rd year, 6th sem

Proportional tax:proportional tax is the taxing mechanism in which the taxing authority charges the same rate of tax from each tax payer, irrespective of income. This means that lower class, middle class or upper class people pay the same amount of tax.

Progressive tax :A progressive tax is a type of tax that takes a larger percentage of income from taxpayers as their income rises. An example is income tax, where low tax for lowest income groups and high tax for higher income groups.

Regressive tax :A regressive tax is exactly opposite of progressive tax. Higher income group tax payers pay a smaller percentage of their income than lower income tax payers because tax is not based on ability to pay. An example, is state sales tax, where everyone pays the same tax rate regardless of their income.

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