

An abstract graphic featuring three blue circles of varying sizes, each composed of concentric rings. Two thin blue diagonal lines intersect the circles. The largest circle is in the top right, a medium one in the center, and another large one in the bottom right corner.

# Law of Taxation

Historical Backgrounds of Tax in India.

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Faculty : Amit Choudhary.  
e-mail : amit.choudhary369@gmail.com

# History of Taxation in India

Payment of taxes is compulsory for all citizens of the country. There are two types of taxes in India namely direct and indirect. Taxes in India are derived from the time of Manu Smriti and Arthashastra. India's current tax system is based on an ancient tax system based on the idea of higher social welfare.

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"He was collecting taxes for them only for the benefit of his subjects, just as the Sun draws moisture from the Earth to restore a double thousand" -

By Kalidas in Raghuvansh eulogizing KING DALIP.

The origin of the word "Tax" comes from "Taxation" which means equation.

In India, the direct tax system as it is known today has been operating in some way since ancient times. Various tax measures are sent to Manu Smriti and Arthashastra. A wise scholar has suggested that taxes should be accompanied by income and tuition fees. However he warned the king of excessive taxes; the king should not impose a high tax or exempt all taxes.

According to Manu Smriti, the king should organize the collection of taxes in such a way that the taxpayer does not feel deprived. He stipulated that traders and artisans had to pay 1/5 of their profits in silver and gold, while

agricultural workers had to pay  $\frac{1}{6}$ ,  $\frac{1}{8}$  and  $\frac{1}{10}$  of their product depending on their circumstances.

Kautilya also described in detail the tax administration system in the Mauryan State. Surprisingly, today's tax system is in many ways similar to the tax system in vogue about 2300 years ago.

Artaxerxes stated that each tax was specified and that there was no risk of compulsion. Tax collectors determine each payment schedule, and their timing, method, and quantity are all determined in advance. Global income adjusted by  $\frac{1}{6}$  share of product and import and export activities were determined on the basis of ad-valorem. Import duties amounted to 20 percent of their value. Similarly, tolls, tolls, boat costs, and other taxes are all fixed.

Kautilya also stated that during times of war or emergencies such as famine or floods, etc. The tax system should be made more sophisticated and the king can also increase military credit. Land revenue can be increased from  $\frac{1}{6}$  to  $\frac{1}{4}$  during an emergency. Commercial workers had to pay dearly for the war effort.

Kautilya's concept of tax emphasizing equality and tax justice. The rich had to pay higher taxes than the poor.

**A Brief History of Income Tax in India:** In India, this tax was introduced for the first time in 1860, by Sir James Wilson to cover the Government-sponsored losses resulting from the 1857 Military Mutiny. In 1918, a new monetary tax was passed and replaced with a new one passed in 1922.

In consultation with the Department of Justice in compliance with the Income Tax Act, 1961 was passed. The Income Tax Act 1961 came into

effect on 1 April 1962. It applies throughout India and Sikkim (including Jammu and Kashmir).

Since 1962 a number of environmental amendments have been made to the far-reaching Income Tax Act by the Union Budget each year.

Components of the financial and financial market in India

The Central Board of Revenue was divided and a separate direct tax board known as the Central Board of Direct Taxes (CBDT) was formed under the Central Board of Revenue Act, 1963.

The main tax law in India is the Income Tax Act, 1961 passed by Parliament, which imposes taxes on people's income.

The Act sets out income tax under the following five categories:

- I. Money from salaries
- II. Money from business and work
- III. Revenue in the form of revenue
- IV. Income from household goods
- V. Revenue from other sources

According to the Income Tax Act, 1961, a person is included

Individual

II. Company

III. Be strong

IV. People's Organization (AOP)

V. The Non-Divided Hindu Family (HUF)

VI. Individual body (BOI)

VII. Local council

VIII. A Person of Justice who does not include in any of the preceding paragraphs

What is the GST Bill and how will it affect the life of the average person?

Indian Taxes in India:

The latest tax slabs are based on the Union's budget presented on 29 February 2016. Finance Minister Mr Arun Jaitley presented the unions' budget on 29 February 2016.

Income Tax Slabs & Rates : FY 2017-2018 (AY 2018-19)			
Income Slabs	General Category (non-senior citizens)	Senior Citizens (60 & above years of age, but below 80 years)	Very Senior Citizens (80 years & above of age)
	Income Tax Rates		
Upto Rs. 2,50,000	Nil	Nil	Nil
Rs. 2,50,001 to Rs. 3,00,000	5%	Nil	Nil
Rs. 3,00,001 to Rs. 5,00,000	5%	5%	Nil
Rs. 5,00,001 to Rs. 10,00,000	20%	20%	20%
Above Rs. 10,00,000	30%	30%	30%

Image source: ReLakhs.com

Why Tax?

Everyone is legally obligated to pay taxes. Total tax revenue goes to government expenditures. The government decides how the taxes are spent and how the budget is prepared.

Paying taxes is not an option; a person must pay tax if his or her entry comes under tax. It is the duty of all citizens to pay taxes. More tax collection allows the government to implement more welfare schemes.

Let's look at the reasons why we pay taxes.

1) Provision of Basic Services for All Citizens: Any money received by the government through direct and indirect taxes is used by it for the welfare of the citizens of the country. Some of the services provided by the government are: health care, electricity, roads, education system, free housing for the poor, water supply, police, fire brigade, justice system, disaster relief, bridge maintenance and other social services.

2) Monetary Funding: All local government governments prefer local panchayats, block panchayats.

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