

SALES TAXATION

A DISSERTATION
SUBMITTED TO THE
UNIVERSITY OF POONA
IN PARTIAL FULFILMENT
FOR THE DEGREE OF
MASTER OF PHILOSOPHY

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PUNE 411 004

MARCH 1984

PREFACE

Sales tax is an important member of the tax family of almost every country. It originated in ancient Greek City-States in a rudimentary form and appeared with refined but complicated forms in modern times. Sales tax had to face many critical situations during its life time and was severely criticised as regressive tax mainly from the eighteenth century to the early part of the twentieth century. Its use was almost abandoned during this period. However, financial crisis created by World War I revived the tax and the general attitude towards sales tax changed drastically because of its fiscal sufficiency. So, the use of the tax had continued to expand rapidly year after year and the tax attracted the attention of not only fiscal authorities but also the academicians, politicians and even common people. Nowadays, sales tax is considered an important source of government revenue especially in developing countries and occupies a respectable position in the modern tax structure. Considering the growing importance of sales tax, this study is designed to discuss various forms of sales taxes particularly from the point of view of their practical usefulness in developing countries, to trace out the historical development of sales tax, to

examine its relative importance and to analyse its incidence.

Keeping in view these objectives, the study is divided into four chapters. Chapter I briefly discusses different types of commodity taxes so that it is possible to draw a demarcation line between sales tax and other commodity taxes. This chapter also attempts to define sales tax and identifies various forms of sales taxes. Here, our attention is focussed on the practical usefulness of different types of sales taxes in developing countries. Chapter II traces the historical background of sales tax and examines its relative importance in the modern tax structure. Here, the analysis is based on the Nepalese and Indian experiences. Chapter III analyses the shifting and incidence in order to find out the burden of sales tax. This chapter seeks first to review the theoretical development of the concepts and then examines some empirical studies conducted in this field in India. Chapter IV summarises the main findings of the study.

In the course of the study, I have benefited from discussions with a number of people.

I am particularly indebted to my guide and my respectable Guru Professor A. S. Nadkarni of the Gokhale Institute of Politics and Economics for sparing time for me out of his extremely busy schedule. This piece of work would never have been initiated and completed without his continuous help, critical comments and valuable suggestions. Besides

this capable guidance, his ever smiling face and gentle manner inspired me to work more and more with great pleasure. In fact, mere words cannot express my indebtedness to him.

I would like to express my deep sense of gratitude to Professor B.S.R. Rao of the Gokhale Institute of Politics and Economics for his scholarly suggestions on different occasions.

I am thankful to Dr. Sriraman and Dr. Satwinder Singh for having gone through the manuscript and for making a number of valuable suggestions. However, I am alone responsible for the errors if there are any.

I am also grateful to Shri Narayan Raj Tiwari, Directorate General, Tax Department and Shri Bishwaman Shrestha, Directorate General, Land Revenue Department, His Majesty's Government of Nepal, Ministry of Finance, for their frequent encouragement, advice and help.

I must convey my grateful thanks to the authorities of His Majesty's Government of Nepal, Ministry of Finance and Revenue Administration Training Centre for granting me study leave for three years, and to the authorities of Gokhale Institute of Politics and Economics, Pune, for providing me with institutional facilities.

I am also thankful to Dr. R. S. Mahat, Shri Jaya Krishna Pathak and Shri Pitamber Rawal for their initiation

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and help. I would also like to thank my friends "Manager" Jagabandhu Samal, Shri Trilochan Mohanty, Shri T. Dayakara Rao and Shri V. G. Joshi for their timely advice at different stages.

My acknowledgements would be incomplete if I forget to mention here my heartily thanks to the smiling faces of the Librarian and the staff of the Servants of India Society's Library whose ever helping attitudes always sustained my tempo of doing work.

I would like to thank Shri S. K. Athale for the fine typing of the dissertation which makes it readable.

My wife Anita, not only inspired me to continue my study from the day of our marriage but did not miss to encourage me even from the Eclampsia Room of Bir Hospital where she was kept bed-ridden thrice during the course of this study. She deserves special thanks from the depth of my heart. Her letters, which almost came at the rate of one a day, always kept me in good spirits.

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March 1984

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