

Canon of equality states that the burden of taxation must be distributed equally or equitably among the taxpayers. However this short of equality Rob's of justice because not all taxpayers have the same ability to pay taxes. Rich people are capable of paying more taxes than poor people. Thus, justice demand that a person having greater ability to pay must pay large taxes.

If everyone is asked to pay taxes according to his ability , then sacrifices of all taxpayers become equal. This is the essence of canon of equality (sacrifice). To establish equality in sacrifice,, taxes are to be imposed in accordance with the principle of ability to pay. In view of this,canon of ability are two sides of the same coin.

## Canon of Certainty

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tax which an individual has to pay should be certain and not arbitrary.According to Adam Smith, the time of payment, the manner of payment, the quantity to be paid,i.e,tax liability, ought all to be clear and plain to the contributor and to everyone. Thus canon of Certainty embraces alot of things.It must be certain to the taxpayer as well as to the tax-levying authority.

Not only taxpayers should know when,where and how much taxes are to be paid.

In other words, the Certainty of liability must be known beforehand. Similarly, there must also be certainty of revenue that the government intends to collect over the given time period. Any amount of uncertainty in these aspects may invite a lot of trouble.

## Canon of Economy

This canon implies that the cost of collecting a tax should be as minimum as possible. Any tax that involves high administrative cost and unusual delay in assessment and high collection of taxes should be avoided altogether.

As per A. Smith Every tax ought to be contrived as both to take out and to keep out of the pockets of the people as little as possible, over and above what it brings into the public treasury of the state.

## Canon of Convenience

Taxes should be levied and collected in such a manner that it provides the greatest convenience not only to the taxpayer but also to the government.

Thus, it should be painless and trouble free as far as practicable. Every tax, stresses A. Smith: out to be levied at the time or manner in which it is most likely to be convenient for the contributor to pay it. That is why, after the harvest, agricultural income tax is collected. Salaried person are taxed at source at the time of receiving salaries.

## Canon of productivity

According to a well known classical economist in the field of public finance, Charles F Bastable, taxes must be productive or cost effective. This implies that the revenue yield from any tax must be a sizable one. Further this canon states that only those taxes should be imposed that do not hamper productive effort of the community. A tax is said to be a productive one only when it acts as an incentive to production.

## Canon of elasticity

Modern economist attach great importance to the canon of elasticity. This canon implies that a tax should be flexible or elastic in yield.

It should be levied in such a way that the rate of taxes can be changed according to exigencies of the situation. when ever the government needs money, it must be able to extract as much income as possible without generating any harmful consequences through raising tax rates. Income tax satisfies this canon.

## Canon of simplicity

Every tax must be simple and intelligible to the people so that the taxpayer is able to calculate it without taking the help of tax consultants. A complex as well as a complicated tax is bound to yield undesirable side effects it may encourage taxpayers to evade taxes

if the tax system is found to be complicated.

A complicated tax system is expensive in the sense that even the most honest educated taxpayers will have to seek advice of the consultants. Ultimately, such a tax system.

## Canon of Diversity

Taxation must be dynamic. This means that a country's tax structure ought to be dynamic or diverse in nature rather than having a single or two taxes. Diversification in a tax structure will demand involvement of the majority of the sectors of the population

If a single tax system is introduced, only a particular sector will be asked to pay to the national exchequer leaving a large number of population untouched. Obviously, incidence of such a tax system will be greatest on certain taxpayers. A dynamic or a diversified tax structure will result in the allocation of burden of taxes among the vast population resulting in a low degree of incidence of a tax in the aggregate.

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