

# What is a fair way of collecting **INCOME TAX?**

- 1. Fixed Amount:** You might think it would be fair for everyone to pay the same amount of tax. Would it really be fair if each of the following three people has to pay the same amount?



Person	Work	Earning (per month)	Tax as fixed amount (per month)
Jyoti	Daily wage labourer	1000	50
Asif	School teacher	6000	50
Jatinder	Business person	20,000	50

If Jyoti cannot even afford to feed her children properly is it fair for her to pay rupees 50 as tax?

- 2. Fixed Proportion:** You might think it would be more fair to ask each person to pay a certain percentage of what they earn. Supposing everyone paid 10% in taxes. Calculate how much each person would pay.



Person	Earning (per month)	Tax as a fixed proportion (per month)
Jyoti	1000	
Asif	6000	
Jatinder	20,000	

Would this be fair? Still Jyoti may not have enough to live on. Asif may not have enough to repair house. But even after paying 10% in taxes, Jatinder would have plenty of money for all the basic necessities.

- 3. Variable proportion:** To make taxes more fair you might then say that only people earning more than a certain amount, say 4000 per month, have to pay taxes. You might also say that the richest people should pay a greater proportion of their earnings.

For example:

If you earn	You will pay as tax
Less than 4000	0%
4000 to 5000	10%
5000 to 15000	20%
More than 15000	30%

Use the above Table to calculate how much each person would then pay.

Person	Earning (per month)	Tax as a variable proportion (per month)
Jyoti	1000	
Asif	6000	
Jatinder	20,000	

Would this be fair?

