

Question No.3: Write the sources of income of central government.

Tax is the main source of income of the central government it can be divided into two parts:

(I) Tax Revenue

(II) Non-tax Revenue

- Income Tax:
- Corporation Tax
- Wealth Tax
- Capital Gains Tax
- Expenditure Tax
- Interest Tax
- Central Excise Duties
- Custom Duties
- Service Tax

II Non-tax Revenue Sources

- Non tax revenue sources of the central government are as following.
- 1. Currency and mint: Central government has right to make currency notes and coins thought which it gets good income every year.
- 2. Post and telegraph: Post and telegraph services are one of the main source of the income of central government. Every year government amends the rate of post and telegraph to increase the revenue.
- 3. Administrative services: Government gives different types of administrative service, citizen administration and to maintain peace and in return receives taxes.
- 4. Profits of public enterprises: Public enterprises are one of the main source of income though at present government faces loss due to public enterprises but enough income is contributing through it.
- 5. Loan services: Central government gives loan to states and other agencies from time to time and get interest in the form of revenue.
- 6. Rail service: At present rail service is one of the main source of income of the central government.
- 7. Others: River projects and other social service are also one of the main source of revenue.