

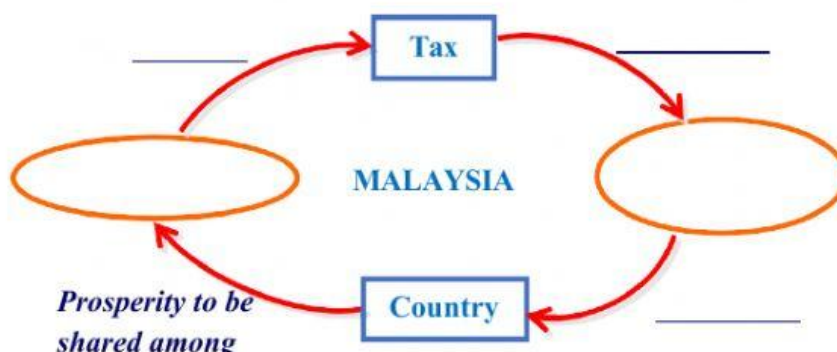
4.1. *The purpose of taxation*

Instructions : Answer all questions

1. What is tax?

Tax is _____ of _____ or _____
by collecting _____ to _____ the government
_____ such as _____ , _____ ,
_____ , _____ for the well-being of all citizens.

2. Complete the tax cycle in the diagram below.



3. Match the correct roles of the tax collection departments.

(a)	Inland Revenue Board (IRB)

responsible for the collection of revenue from mining, land and forests, revenue from the local authority and acquisition from the issuance of licenses except those collected by the Federal government.

(b)	Royal Malaysian Customs Department
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Responsible for collecting direct taxes form income such as income tax revenue.

(c)	The state government or local authority.
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Responsible for collecting indirect taxes such as Sales and Service Tax

4. Where does the government spend its tax revenue?

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____
- (v) _____
- (vi) _____
- (vii) _____

5. Who pays tax?

_____ are compulsory and responsibility to pay taxes. People pay taxes at different variety of things, including income, property and commodities.

6. What is the effect on the government if citizens are dishonest and irresponsible taxpayer?

The government _____ and nationally _____ planning will be affected if the country loses it _____ due to dishonest and irresponsible taxpayers.

7. Match the purpose of taxation

Source of government revenue	Taxes can make government policies more effective 1. tax relief for parents' medical expenses, in order to cultivate caring community. 2. Real property gains tax is imposed when the government wants to reduce excessive property investment activities
Government policy implementation tool	Taxation is one of the financial tools for the government to stabilise the economy.
Control of sales of good or services	To govern the country, to finance the country's development project and to redistribute income to address inequality in the society.
Financial tool to stabilize the economy	Taxes can prevent certain people from buying goods or services. For example: tobacco tax, alcohol taxes and gambling taxes.

8. How can government utilize tax to stabilize the economy?

To stabilize the economy during an economic downturn, the government will _____ taxes. As taxes _____, purchasing power _____ and production _____ as well. when the economy is growing, the government will _____ taxes to _____ production or _____ inflation.