SYSTEMS OF TAXATION

I.   Progressive tax system
II.   Proportional tax system.
III.   Regressive tax system.

Progressive tax system: This is a tax system where tax payers pay equal portion of his or her income as tax (tax). While progressive tax varies with income, proportional tax is fixed.

Regressive tax: Regressive tax system occurs when the lower income earners pay more than the high income earners.
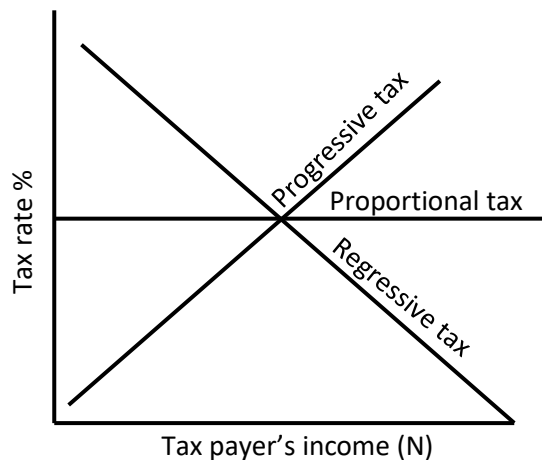
TAX RATE

$$\text{Tax rate} = \frac{Tax\ payment}{Income/Taxe\ base}\ X\ \frac{100}{1}\ Disposable\ Income = Income - Taxation$$

Determine the percentage rate of taxation paid by (I) Jawara using the table below.

Income Earners	Income Base	Tax
		₦
Jawara	15,000	1,500

Tax rate $= \frac{1500}{15,000} \ X \frac{100}{1} = 10\%$

1a. The table below shows the tax payment four income earners in a year. Use the information in the table to answer the questions that follows

Income earners	Income base	Tax	Payment
Jawara	15,000	1,500	1,200
Ade	25,000	2,000	2,000
Eke	32,000	3,200	2,240
Audu	60,000	6,000	3,000

Determine the percentage rate of taxation paid by (I) Jawara in columns A and B (II) Audu in columns A and B (III) Ade in columns B (iv) Eke in column B.

b. Identify the systems of taxation employed in column A B (pg 58 2003 June)

c. If government increases its rate of taxation to 15% flat rate how much revenue will be generated from the payee $\frac{15}{100}$ x income base?

Assignment

Calculate the disposable income of Jawara, Ade, Eke and Audu where disposable income is income taxation.