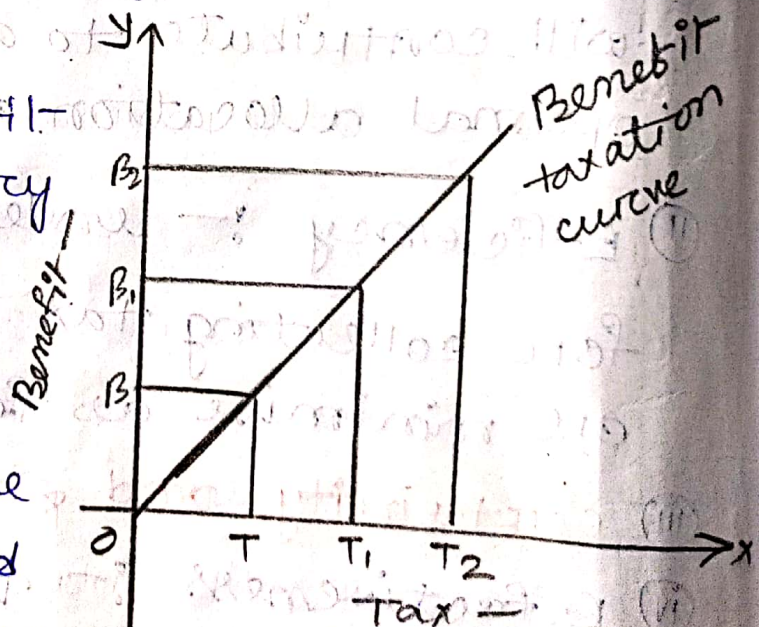


The benefit principles / theory of taxation:

The benefit principle have been advocated or developed by Mazzola, V. Marso, and Lindahl. These principle relates to the distribution of taxes by taking into account the sacrifice of the tax payer in paying his taxes along with the benefit enjoy from governmental expenditures.

According to these principle the distribution of tax burden among individual tax payers is based on the benefit received from the enjoyment of public services, that is higher the benefit received higher will be the tax rate and vice-versa.

However the benefit-principle is not a satisfactory explanation and objection are raised against it because of the practical difficulty of measuring the amount of benefit enjoyed by a tax payer, and his tax payment. Moreover it is very difficult to find out how intensely a particular tax payer wants a particular service from the government and how much he is prepared to pay for it. Moreover in



modern states, taxes are compulsory payment which are not based on any consideration of return or benefit enjoyed by the tax payer.