

Corrigendum/Explanation SFG 2024 Level 1 Test 16

There are no changes to the solutions/answers. Some explanations have been provided for the students who have raised doubts.

Q.29) There was a doubt raised with respect to Statement 2 i.e. “In India, while the Income tax is an example of Progressive tax, the Goods and Services Tax (GST) is an example of a Proportional tax.”

Explanation – The Statement is correct. Proportional taxation is one where the same rate of taxation is applied irrespective of the levels of income of people. Proportional taxation is a flat tax rate system. In a proportional tax system, every individual and entity pay taxes at the same rate, regardless of their annual income or financial status. In case of GST in India, a uniform tax rate is applied to goods and services, regardless of the taxpayer's income. Thus, from the point of view of rates of taxation, GST is a Proportional Tax.