

CHAPTER - V

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CONCLUSION AND SUGGESION

- 5.1 JUSTIFICATION OF ENTERTAINMENT TAX
- 5.2 CONCLUSION AND SUGGESTION
- 5.3 RECOMMENDATION

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CONCLUSION AND SUGGESTION

Basically entertainment is psychological need of the human being. It is natural after a hard work, tension, worries and a host of other problems a person need some leisure and entertainment for refresh his mind and body. This chapter observes problems, and also presents a few suggestive measures. Entertainment becomes taxable on the following grounds. Entertainment is essential a luxury particularly for the people of the middle and lower income groups. It is natural assume that this item of expenditure will be lower in the priority list in a underdeveloped economy. It is necessary to reduce this part of expenditure to a certain extent and in the process divert a part of incremental income to the public treasury.

5.1 ENTERTAINMENT TAX IS JUSTIFIED :

Entertainment tax is a payment on amusement; it is not a need but part of wants of human being. Some time it is luxury, therefore it is natural to restricted on that type of entertainment. The justification for the imposition of entertainment tax is supported on the following arguments :

5.1.1 REDUCING NON-ESSENTIAL EXPENDITURE

Food, clothing and shelter are the primary or essential wants of human being. After the complete of this type needs then man think about the comforts and luxuries. Thus entertainment is secondary type of need which can be included in comforts or luxuries. After adequate satisfaction of the basic needs some occasional entertainment become necessary but not really speaking highly essential. If the frequency of spending money on entertainment increases it shows either sufficient high level of income and it wills both individual and social benefit if spending on entertainment is restricted at least a developing economy mainly because it is a non-essential want. Moreover, to extant spending on entertainment reduces spending on health and education. Thus the government is justified in imposing the entertainment tax.

5.1.2 ABILITY TO PAY

This principle follows the principle of Ability to Pay. As we know the entertainment is secondary type of needs and increasing of spending on this type of needs shows the sufficient high level of income and the tax paying capacity of the individuals. The entertainment tax is imposed when the tax paying capacity of the individual becomes evident.

5.1.3 INCREASING DEVELOPMENTAL EXPENDITURE

Taxation of entertainment like any other tax initially reallocates certain amount of resources from the private sector to the public sector. Entertainment tax revenue helps the process of capital formation in the public sector or finances a part of increasing current account development expenditure. Moreover taxation of entertainment may as a force in diverting scarce national resources from socially less desirable economic activity to other activities, which are socially more desirable.

5.1.4 SUMPTUARY TAXATION

Sumptuary tax is that which is levied on the production sale or consumption of a commodity or services with the expresser intent of reducing its final consumption relative to other goods and services in the economy. Imposing on alcohol, lottery tickets, horse racing, playing cards, pool tables and numerous other goods find their origin in this purpose, in not fully at least to a certain extent. The commodities and services mentioned here are generally considered undesirable. Therefore, to restrict this demand, taxation becomes a more feasible and democratic approach compared to direct control. Entertainment can be included in the group of these commodities and services. Thus it is justified in imposing the entertainment tax.

5.1.5 REDISTRIBUTION OF WEALTH

It is claimed that entertainment tax is one of the effective instrument for achieving equality of wealth and income distribution. Wealth is transferred to the heirs of those persons who constitute the more affluent section of the society. Thus the gap between the rich and the poor and inequalities of wealth are condemned on economic and social grounds. Therefore, it helps to reduce the gap between both sections of society.

5.2 CONCLUSIONS

On the basis of data presents in chapter no. II and III give some important conclusion

- 5.1.1 Share of revenue receipts in aggregate receipts shows share is constant but with a fluctuating during the period.
- 5.1.2 Share of tax revenue and non-tax revenue in revenue receipts shows week consistent and fluctuating rising but in case of non-tax revenue trend is rapidly decreasing.
- 5.1.3 Share of own tax revenue in total tax revenue has shows gradually rising trend. It includes direct tax revenue and indirect tax revenue, whose share in own tax revenue is in case of direct tax has shows

rapidly rising trend and incase of indirect tax gradually declining trend.

5.1.4 Share of entertainment tax in total tax revenue has shown gradually declining trend and its share in own tax revenue also shows declining trend.

5.1.5 Indirect tax revenue significance of entertainment tax shows gradually declining trend.

5.1.6 Level of entertainment tax shows a strong consistent and fluctuated declining trend.

5.1.7 Per capita burden of entertainment tax has shows increasing considerably with small fluctuation.

5.1.8 At present in case of all the States under consideration, Maharashtra State contributes a highest share in All States entertainment tax revenue.

5.3 SUGGESTIONS

1. The study reveals that in the total tax mobilisation of the state government of Maharashtra Entertainment tax role is insignificant. However, with the expansion and diversification of the entertainment industry the tax revenue from entertainment tax has scope for in crease.

2. It is found in Maharashtra especially in metropolitan cities and other urban areas that the non-registered and non-licensed forms of entertainment are existing. What are necessary that all forms of entertainment existing be ligalised and the coverage of entertainment tax in this way can be increases, so that the tax base increases and more revenue collection takes place.
3. It is recommended that a graded tax rate structure be implemented in tax levy of entertain tax, so that tax yield increases.
4. Tax yield of entertainment tax can also increase through better, efficient tax administration and proper recovery of arrears.
5. Many of the outdoors shooting the film industry under takes makes use of public parks, public roads and other infrastructure. Such shooting and picturisation needs levy of surcharges so that tax collection is increase.
6. It is also recommended that the levy and collection an entertainment tax be enforced in a more efficient manner.