Glossary

Adjusted agricultural income (AAI): is the income derived from the cultivation of land alone. It is estimated by deducting income from allied activities such as fishing, forestry, animal husbandry, mining and quarrying from total agricultural income. In other words it does not include income from allied activities of agricultural sector.

Administrative Cost: Refers to the cost incurred on personnel and equipment required for the assessment and collection of taxes.

Agricultural Holding Tax (AHT): This is a recommendation of Dr. Raj Committee for assessment of agricultural income on the basis of the ownership of land, its productivity, price of the crop cultivated and soon. The rate of AHT was \( x/2 \) per cent where \( x \) is the rateable value.

Agricultural Income Tax: Agricultural income tax is a tax supposed to be paid by the agriculturists who owns more than 3 hectares of land. The tax varies with the type of crop and the area of land owned by the landlord. Now there is tax holiday.

Capacity Index: It is a composite index worked out by giving weightage to the various consumer durables owned by a household, educational level of the children, asset holding like gold, houses, vehicles, expenditure on telephone and current bill and amount of loan availed.

Central Non Tax revenue (CNTR): is the Central aid given to the state. It is the central non tax resources allotted to the state.

Compliance Cost: Means the time and troubles earned to the general body of taxpayer and their advisors. It refers to the cost incurred by the individuals in maintaining proper accounts keeping/paying tax practitioners time used to fill the relevant form or try to think ways of filing them which are least disadvantageous to themselves.

Compounding of Agricultural Income for Agricultural Income Tax: This is the process of calculating the agricultural income tax of a cultivator on the basis of the
area of land cultivated and crop of cultivation. Here, income from cultivation is not actually estimated/measured but is assumed that a particular cultivator with a particular crop in certain area of land will have a certain taxable capacity and is supposed to pay agricultural income tax at the minimum rate fixed by the state government.

**Direct Agricultural Taxes (AGT):** are the sum total of all the land based direct taxes imposed on the agricultural sector. In the case of Kerala it is the sum of Land revenue and Agricultural Income Tax at present.

**Efficiency Cost:** It is the distortion caused to the economy as a result of a tax. This is also refereed to the dead weight loss, or excess burden.

**Elasticity of the Tax System:** refers to the responsiveness of the Total tax revenue (TTX) and state’s own tax revenue (STX) to the Net Domestic Product and responsiveness of direct taxes of agricultural sector (AGT) to the adjusted agricultural income (AAI).

**Land Revenue LR:** is also called land tax. This the basic tax. It is imposed on the land on the basis of the area of land owned by the landowner.

**Operating Cost:** Operating cost of the tax is the sum total of administrative and compliance cost.

**Own Revenue: (OR)** is the revenue mobilized by the state government. So it is the sum of state’s own tax revenue (STX) and non-tax revenue mobilized by the state (SNTR). Or it is the total revenue (TR) minus the sum of central taxes (CETX) to the state and central grants to the state (CNTR).

**Social Cost:** It constitutes the mental and emotional strain associated with tax evasion. It also includes the real cost of concealing income or sales (tax base) from tax authorities. This cost has two aspects (i) the amount spent by individuals for evading taxes such as bribes and (ii) loss in the government revenue.

**State’s non tax Revenue (SNTR):** is the non tax revenue mobilised by the state government.

**State’ Own Tax (STX):** is the tax mobilised by the state government.
**Total non-tax revenue (TNTR):** includes non-tax revenue mobilized by the state government (SNTR) from various sources such as forests, social and economic services etc. and central aid (CNTR).

**Total revenue (TR):** refers to the total revenue of the state from various tax and non-tax sources.

**Total tax revenue (TTX):** of a state comprises of the tax revenue mobilized by the state government (STX) and tax revenue pooled to the state from the central taxes (CETX).