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جامعة محمد بوضياف – المسيلة  
كلية العلوم الاقتصادية والتجارية  
وعلوم التدبير  
قسم العلوم المالية والمحاسبة

# ENGLISH FOR ACCOUNTING & AUDITING

## Masters (2)

Course for Master students in Accounting and Auditing

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## Chapter 7

### TAXATION

#### ➤ **Taxation**

Taxation is a term for when a taxing authority (usually a government) imposes a financial obligation on its citizens or residents. Paying taxes to governments or officials has been a mainstay of civilization since ancient times.

Taxation occurs when a government or other authority requires that a fee be paid by citizens and corporations, to that authority. Particularly, tax occurs on physical assets, including property and transactions, such as a sale of stock, or a home.

The term "taxation" applies to all types of mandatory levies, from income to capital gains to estate taxes. Though taxation can be a noun or verb, it is usually referred to as an act; the resulting revenue is usually called "taxes".

#### ➤ **Taxes**

Taxes are mandatory contributions levied on individuals or corporations by a government entity (local, regional, or national).

Tax revenues finance government activities, including public works and services such as roads and schools, or programs such as Social Security and Medicare.

There are many forms of taxes and most are applied as a percentage of a monetary exchange (for example, when income is earned or a

sales transaction is completed). Other forms of taxes, such as property taxes, are applied based on the assessed value of a held asset.

Thus, the types of taxes include income, corporate, capital gains, property, inheritance, and sales.



### ➤ **Types of taxation**

Taxation applies to all different types of levies. These can include (but are not limited to):

- **Income tax**

Governments impose income taxes on financial income generated by all entities within their jurisdiction, including individuals and businesses.

- **Corporate tax**

This type of tax is imposed on the profit of a business.

- **Capital gains**

A tax on capital gains is imposed on any capital gains or profits made by people or businesses from the sale of certain assets including stocks, bonds, or real estate.

- **Property tax**

A property tax is assessed by a local government and paid for by the owner of a property. This tax is calculated based on the values of property and land.

- **Inheritance**

A type of tax levied on individuals who inherit the estate of a deceased person.

- **Sales tax**

A consumption tax imposed by a government on the sale of goods and services. (This can take the form of a value-added tax (VAT), a goods and services tax (GST), a state or provincial sales tax, or an excise tax).