

Differences between Taxes and Other fees paid to the government

Tax is a portion of your income which you pay/contribute to the government, so that it comes back to you, under privileged and others in different and much required forms like welfare schemes, security by maintaining army and police, roads, infrastructures, jobs, facilities to educate poor and talented, technology and services

Tax vs. License Fees

1. **License fee is for regulatory purposes, not a tax, an exercise of the government through its police power.**

Example: Business permit fee

Before a citizen can start a business, there's a need for some permits that one needs to secure and some requirements to be able to get business permits.

- In the local government, one gets the business permits from the office of the city mayor, then the office of the city mayor has certain requirements before the business permit is issued. This is an exercise of police power because through this the government can make sure that the business complies with the standard.

In terms for food industry: Health certificate from city health to make sure that the food business complied with the standard of the city health office. This is to ensure the health and safety of the people

2. **Non-payment of tax does not make the business illegal, it just means that you have the liability and obligation to pay the tax corresponding to the income. However, if you cannot pay the license fees, you cannot get a business permit.**

- ✓ Business permit is a final document you will get after complying all the requirements and license fee, without business permit, your business is illegal.
- ✓ Not paying the tax doesn't mean your business is illegal but operating without business permit makes your business illegal.
- ✓ Online Business still occupying an office so need to declare your business.