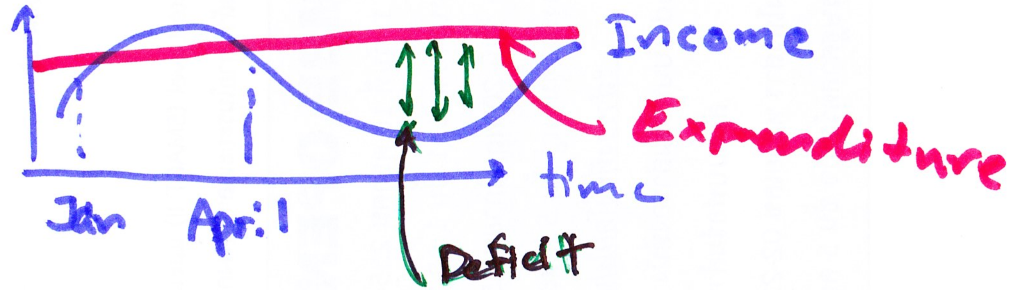
Fiscal Policy

1. Govt Expenditure
   - Consumption
     - Govt Officers' salary
     - Govt's goods & services consumption
   - Investment → Infrastructure Investment
   - Loan & Interest payment → Public Debt Financing
2. Govt Revenue
   - Non-Tax Income
     - State Enterprises
     - Fee & Fine
   - Tax
     - Direct Tax
     - Indirect Tax
     - Progressive Tax
     - Regressive Tax
     - Revenue Department
       - VAT
       - Personal Income Tax
       - Corporate Income Tax
     - Excise Department
       - Oil
       - Alcohol Beverage
       - Luxury goods
     - Customs Department
       - Export tax
       - Import tax (Tariff)
3. Govt Transfer
   - Social Insurance
   - Unemployment compensation
   - Welfare program
   - Retirement benefit
   - Veteran's benefit
4. Public Debt : Classification
   - Length of Debt
     - Short-Term (< 1 year) : T-bill
     - Long-Term (> 1 year) : Govt Bond
   - Source of Debt
     - Domestic Source
     - International Source

Public Debt : Classified by source of financing

① Domestic - Public Debt : Objectives

→ To finance temporary deficit : In some months, govt's revenue is less than its expected value. So, the govt has to borrow to finance its expenditure.



→ To finance infrastructure investment (e.g. highway, airport, railway system)
[Public goods]

→ To stabilize economy [Counter-cyclical Action]

Recession : Govt has to inject some budgets to stimulate the economy

Booming - Period : Borrow from the private sectors to slow down the expansion.

Classification of Tax

Direct Tax: Tax payers are responsible for all or part of tax payment and cannot alter their ~~px~~ responsibility to others.

Example: Personal Income Tax, Coporate Income Tax, Property Tax [Revenue Department]

Indirect Tax: Tax payers are not responsible for all or they can transfer their responsibilities to others. ~~fully~~ Partly

Example: Sales Tax, Excise Tax, Custom Duty [Excise Department, Customs Department]