

Entry Tax as an Alternative to Octroi

M. GOVINDA RAO

Although Octroi has been subject to considerable criticism, the urban local bodies have continued with the levy for want of an equally lucrative alternative source of revenue. The Gujarat Taxation Enquiry Commission that went into this issue recommended that Entry Tax could be a viable alternative to Octroi. Although, definitionally the Entry Tax is equivalent to Octroi, the account-based feature of the former distinguishes it from the latter, which is essentially checkpost-based. The present study is an attempt to quantify the base of the proposed Entry Tax and design the rate structure of the tax that would yield equivalent revenue and grow at least at the same rate as that of Octroi, keeping in view the issues of allocative efficiency and equity.

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ALTERNATIVE TO OCTROI**

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The Base and Rate Structure of
The Proposed Entry Tax in Gujarat

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