

# [Advantages and disadvantages of tax system](https://assignbuster.com/advantages-and-disadvantages-of-tax-system/)

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Q1
User charges offer invaluable data on which services should be supplied, in what quality and quantity, and to whom. In turn, the application of user charges is to promote and enhance economic efficiency. The problem with the user charges is that in some cases, it is difficult to determine the specific and proper design and domain of user charges. Further, the prices set of certain services may not be charged on a competitive market.

Q2.
My State prepares tax expenditure to show the residents' revenue loss because of issuance of tax preferences and concessions to certain activity and a particular class of taxpayers. Further, it prepares the tax expenditure to show its spending and spending via the tax system. Yes, it prepares a fiscal impact statement to predict how the authorization of a ballot measure would affect the finances of the state. When preparing revenue forecasts, it significant for the local government financial accountants to begin with expenses, not revenues since in this manner, it much easier to predict expenses than expenses. In addition, it significant to predict revenues utilizing both an aggressive and conservative case because aggressive state keeps one motivated while conservative state brings reality on the ground. It is also good to monitor key ratios to ensure that the projections are logically and achievable.