

Role of Indirect Tax in Economic

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Abstract: *Because they provide the government with income and have an impact on consumer behavior, indirect taxes are essential to the formation and maintenance of a country's economy. These taxes affect a number of different economic sectors and are imposed on products and services. The capacity of indirect taxes to produce large amounts of government money, which goes toward funding public programs for infrastructure, healthcare, education, and other necessities, is one important feature of these taxes. Indirect taxes can also be employed by governments as tools for fiscal policy, enabling them to regulate inflation and promote or prohibit particular economic activities.*

Although lower-income people may be disproportionately affected by some indirect taxes, such sales taxes, due to their regressive nature, these taxes are nevertheless necessary for the stability of the economy as a whole. Furthermore, changes in consumer preferences and market demand may result from indirect taxation. Businesses may then be impacted by this, changing their methods for distribution and manufacturing as a result. In general, indirect taxes play a variety of roles in the economy, including generating income, implementing fiscal policy, and influencing consumer behavior and market dynamics.

Keywords: Tax