

On the Concept of Income in Income Tax Law

*Ke-Chung Ko**

Abstract

About the income concept in personal income tax law, three different implication ways are developed. They are source theory, the accretion theory and market income theory. According to the historical development and also the context in personal income tax law in Taiwan, we can find, this law fundamentally based on the accretion theory, which, also called comprehensive income theory, means all income from whatever source derived. This theory works in practice not only in the personal income tax law in United States of America but also in Japan. According to the definition of this accretion theory is the subsidy from country to individual therefore valued as taxable income in law, because the subsidy increases the net worth of individual's possessions, and therefore creates his/her ability to pay taxes. Base on these understandings are the results at the resolution number 163 and number 508 of Justices of the Constitutional Court, Judicial Yuan, both are involved about the compensations of farmer, who according to the Act of Equality of Land Rights rent the farmland, consequently accurate, since these compensations are valued as subsidies from the country for the purpose to monetary support to economically weakened rent-land-farmer. These compensations are as a result taxable incomes in personal income tax law.

Keywords: income, source theory, accretion theory, market income theory, restrict income theory, comprehensive income theory, consumption-type income, accretion-type income, imputed income, presumed income

* Assistant Professor, Department of Law, National Cheng-Kung University. Email: kck5602@hotmail.com, kck5602@mail.ncku.edu.tw