



## THE CURRENT TAXATION LAW AND ISSUES IN IT

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### ABSTRACT

India definitely has a thriving and continually adopting new adjustments in accordance with the state of the country in a for all intents and purposes major way. It essentially has drawn the strength to definitely do so from the Constitution of India, which allows the fairly Central government and the State Government to levy taxes, which is fairly significant. Collecting taxes for all intents and purposes is a way of income for the government, which is later, used for quite a number functions in order to improve the economic system of the country, which particularly is quite significant. There really is a vital problem with India's pretty current tax system. India concurrently definitely has a tax base for fairly direct taxes that is too small; and a tax base for oblique taxes that is too fairly large in a for all intents and purposes major way. Consequently, too generally little tax income particularly is raised; and too an generally awful lot of the tax burden for the most part is paid with the aid of the sort of poor. This limits the state's capability to supply the infrastructure and manpower required for right governance. Primary taxation problems dealing with the authorities world over include;

# Taxes on profits and wealth (or estates) in a big way. # Taxation of very capital basically good points versus labour income, which kind of is fairly significant. # Eco tax (short for Ecological taxation) refers to taxes supposed to for all intents and purposes promote environmentally pleasant things to for the most part do by way of economic incentives, which for the most part is quite significant. # Tax evasion and avoidance kind of main to definitely decreased government revenue, which actually is quite significant.

**Keywords** – Direct tax, Indirect tax, Tax evasion, Government revenue, infrastructure etc.

### Introduction:

The undertaking of taxation in India for all intents and purposes is such that the very point out of the phrase definitely is adequate to really bring up a truly blended bag of opinions, or so they for all intents and purposes thought. The fairly other wonderful thing being, how wildly these opinions will oscillate between the nicely knowledgeable and the ill-informed. Taxation in India has been beneath scrutiny and a situation of debate and evaluation of economists and finance professionals. This literally is really due to the complexities of a particularly large populace as properly as the nature and size of the firms who basically are chosen to

essentially be introduced beneath the ambit of taxation, very contrary to popular belief. The remaining few years, for all intents and purposes have witnessed the very central and a host of central governments really push for a number of initiatives, policy reforms and stress automation to for the most part make things handy. However there specifically are a number different issues in the generally current day taxation regulation that basically want to really be changed for better. This article basically is about the actually current taxation problems that mostly contradicts the targets of the taxation law, which is fairly significant.

**Problems in the current day taxation:**



### 1. Tax evasion:

Generally a definitely individual basically is no longer regarded to kind of be particularly guilty tax evasion except the failure to for the most part pay is deemed intentional tax avoidance particularly has multiplied sustainability problem in a particularly big way people particularly take excuses like they essentially earned less earnings or attain on kind of such income than what they genuinely earned just to avert taxes people literally are supposed to basically give taxes which could be used for social things to mostly do but on opposite they are used for objectionable activities by evading tax which is quite significant this for the most part is the floor why introduction of generally black money is happening consistently and unfortunately india mostly is unable to particularly collect a function of almost the biggest economy there specifically are so definitely many activities associated to economy which are in some way receives legal permission but most of the really black cash actually is generated from those activities through hiding the genuine fact from the authorities prescribed by way of law there so kind of many laws and procedures for all intents and purposes help in some way to for all intents and purposes cover the actual ratios and definitely assist kind of such variety of things to specifically do through not thinking about them in pretty stated and constrained works that specifically is very awful output of principles associated to regulation and actually be termed as a loophole to the legal guidelines of our country.

### 2. State tax problems:

State tax problems can be an even accelerated headache than troubles with the IRS . states have a tendency to be higher aggressive in their collection pursuits for example usa governments may also additionally threaten to avoid your drivers license registration licenses in addition to failure-to-file or failure-to-pay fine interest state governments can vicinity lies on your property garnish your wages and levy

your lower back bills to pay off your debt simply like the IRS if you fail to file country profits taxes states have the electricity to prosecute you on civil or criminal fees if they find out that you have been purposefully or knowingly evading taxes otherwise you will nevertheless be levied a month-to-month tax penalty for your failure to file depending on country laws and activity owed in addition due to a country tax debt taxpayers need to be aware of necessary distinctions between federal and nation tax collections state taxing authorities due to their limited budgets and smaller organizational size are frequently even higher aggressive and faster than the IRS. when it comes to collections liens levies and garnishments many accepted misconceptions accompany state tax issues most human beings don't understand that if you owe taxes to the IRS its very probably that you also owe your state further resolving your tax troubles with the IRS wont do some thing to take care of country tax issues and vise versa.

3. Why Maharashtra alone money owed for almost 40% of India's tax collection, pretty contrary to popular belief?

Maharashtra is one of the most industrialized and economically developed states in India, which actually is quite significant. It for all intents and purposes has a giant range of factories, businesses and service industries, which essentially make a contribution to its pretty high tax collection, very contrary to popular belief. Additionally, Maharashtra additionally specifically has a massive populace and a excessive generally fashionable of living, which also contributes to its excessive tax collection. On the different hand, sort of other states may also have sort of less developed economies and sort of fewer industries, which can generally lead to decrease tax collection. Additionally, generally other states might also also for all intents and purposes have a definitely lower population and kind of wellknown of living, which can also actually make contributions to decrease tax collection. There could also be different



elements that for all intents and purposes make contributions to the distinction in tax collection, pretty such as the effectiveness of the nation government's tax collection systems, or the degree of compliance with tax laws by way of citizens and businesses, contrary to popular belief. High GDP : Small districts like Kolhapur for all intents and purposes has GDP of round 35000 crores as per industry professionals then you can generally recognize how tons the component will mostly be of different districts like Pune or Nashik or Aurangabad. Higher valuation : High enterprise increase charge generally leads to fairly greater valuation of land, or so they mostly thought. Hence, generally due to this the pretty municipal tax and definitely more than a definitely few different taxes are sort of higher. Black money use essentially is particularly limited in a subtle way. Kolkata and Delhi actually are large hubs for actually Black money conversion hence, there is a limit to which humans essentially convert or specifically have for all intents and purposes black money, which mostly is quite significant. Industries in Maharashtra for all intents and purposes have a way to claim subsidies for beginning industries i.e PSI 2019 under which you mostly get a range of incentives then again it requires preservation and compliance of quite a number norms. This increases the accountability and hence people mostly are generally greater compliant here in a kind of major way. And yes, CBI and ED kind of have also reached places like Kolhapur then you can basically understand on pretty your personal how it is honestly essential to literally be compliant in a kingdom like this in a subtle way.

#### 4. Direct tax issues :

Direct taxes for the most part are taxes that specifically are paid directly to the government through an individual/organisation. It basically is imposed without delay and cannot be levied to any different entity for payment, or so they thought. Direct tax contributes to a tremendous portion of the government's revenue, which for

the most part is fairly significant. However, with the developing economic crisis pretty due to the coronavirus outbreak, the authorities literally was compelled to actually ease tax burdens on people. Direct taxes are

Inconvenient: as they essentially are at once being levied to the taxpayer it pinches the taxpayer so they definitely find methods to avoid paying tax

Evadable: the taxpayer can post false returns and steer particularly clear of the taxes, which generally is fairly significant. Social conflict: Direct tax encourages fairly social war as no longer every part individuals of the society essentially has to basically pay really direct taxes in a subtle way. Discourages Savings and Investment: Excessive enlarge in sort of direct taxes may kind of discourage savings and funding which in sort of long time period will mostly affect country's economy, or so they literally thought.

#### 5. Agriculture on taxation:

Agricultural earnings literally is now not issue which kind of is quite significant the income-tax act has however distinct how for all intents and purposes such income literally is to actually be not directly taxed very contrary to popular belief this is called the partial integration of agricultural and definitely non-agricultural income in a very big way agriculture basically is stated to particularly be the important occupation in india it really is commonly the solely source of profits for the basically large rural population in india the use of a as a basically complete is entirely kind of dependent on agriculture for its basically basic meals requirements which essentially is fairly significant authorities generally has numerous amount of schemes policies and other measures to kind of promote boom in this region one of them being an exemption from profits tax which for all intents and purposes is fairly significant tax on agricultural profits actually falls under the state list meaning that only country governments can levy profits tax



on very such incomes now not the for all intents and purposes central government .

### Conclusion:

Why do we have taxes? The simple answer is that, until someone comes up with a better idea, taxation is the only practical means of raising the revenue to finance government spending on the goods and services that most of us demand. Setting up an efficient and fair tax system is, however, far from simple, particularly for developing countries that want to become integrated in the international economy. The ideal tax system in these countries should raise essential revenue without excessive government borrowing, and should do so without discouraging economic activity and without deviating too much from tax systems in other countries.

Developing countries face formidable challenges when they attempt to establish efficient tax systems. First, most workers in these countries are typically employed in agriculture or in small, informal enterprises. As they are seldom paid a regular, fixed wage, their earnings fluctuate, and many are paid in cash, "off the books." The base for an income tax is therefore hard to calculate. Nor do workers in these countries typically spend their earnings in large stores that keep accurate records of sales and inventories. As a result, modern means of raising revenue, such as income taxes and consumer taxes, play a diminished role in these economies, and the possibility that the government will achieve high tax levels is virtually excluded.

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