

SUMMER INTERNSHIP PROJECT

**“A STUDY ON EMPIRICAL STUDY OF DIRECT & INDIRECT
TAXATION WITH SPECIAL REFERENCE TO CA AVI NARENDRA
BHOYAR FROM 2017 2018 TO 2020 -2021”**

Submitted to:

DMSR

**G. S. College of Commerce & Economics, Nagpur
(An Autonomous Institution)**

Affiliated To:

**Rashtrasant Tukadoji Maharaj Nagpur
University, Nagpur**

Submitted by:

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**Department of Management Sciences and Research,
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NAAC Accredited “A” Grade Institution**



Academic Year 2021-22



CERTIFICATE

This is to certify that the investigation describes in this report titled “**A study on empirical study on direct & indirect taxation special reference with CA Avi Narendra Bhoyar**” has been carried out by **Mr. Dinesh Bhaiyyaji Rewatkar** during the summer internship project. This study was done in the organisation, **AVI NARENDRA BHOYAR CHARTERED ACCOUNTANT**, in partial fulfillment of the requirement for the degree of Master of Business Administration of **G. S. College Commerce & Economics (An Autonomous Institute)** affiliated to **R. T. M. Nagpur University, Nagpur**.

This work is the own work of the candidate, complete in all respects and is to sufficiently high standard to warrant its submission to the said degree. The assistance and resources used for the work are duly acknowledged.

Dr. Afsar Sheikh
(Faculty Guide)

Dr. Sonali Gadekar
(MBA CO-ordinator)

CERTIFICATE

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TO WHOMSOEVER IT MAY CONCERN

This is to certify that Mr. **Dinesh B. Rewatkar** a student of MBA Sem-II, Department of Management Sciences & Research, G. S. College of Commerce & Economics, Nagpur has successfully completed his Summer Internship Program from **19/11/2021 to 05/01/2022** under our guidance. During the period of his internship he was found punctual, hardworking and inquisitive.

We wish him every success in life.



A handwritten signature in blue ink, appearing to read "Avi E.", written over a horizontal line.

Avi Narendra Bhoyar
Chartered Accountant
(M. No. 145477)

ACKNOWLEDGEMENT

It is a matter of pride and privilege for me to have done a summer internship project in “**AVI NARENDRA BHOYAR CHARTERED ACCOUNTANT**” for sincerely thankful to them for providing this opportunity to me.

I am thankful to “**CA Avi Bhoyar and CA Radheshyam Barde**” for guiding me through this project and continuously encouraging me. It would not have been possible to complete this project without his support.

I am also thankful to all the faculty members of Department of Management Sciences and Research, G S College of Commerce and Economics, Nagpur (An Autonomous College) and particularly my mentor “**Dr. Afsar Sheikh**” for helping me during the project.

I am very thankful to the Principal of G.S. College of Commerce & Economics, Nagpur, “**Dr. N.Y. Khandait**” & to the dean of DMSR “**Mr. Anand Kale**” for their support & encouragement.

Finally, I am grateful to my family and friends for their unending support.

Dinesh B. Rewatkar

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INTRODUCTION

INTRODUCTION

Tax:-

A tax is a mandatory fee or financial charges levied by any government on an individual or an organisation to collect revenue for public works providing the best facilities and infrastructure. The collected fund is then used to fund different public expenditure programs. If one fails to pay the taxes or refuse to contribute towards it will invite serious implications under the pre-defined law.

A charge or fee that a government imposes on a citizen or business is called a tax. Taxes help to pay for the services people (and businesses) receive from the government.

There are many different kinds of taxes—on purchases, property, and income, for example—but all tax money is meant to pay for things that benefit people in society. For example, in many places schools, road repairs, fire departments, and health care for elderly and disabled people are all paid for with money from taxes. As a verb, tax can either mean "impose a tax on" or "put a strain or burden on."

History of tax in India:-

1860- The Tax was introduced for the first time by Sir James Wilson. India's First "Union Budget" Introduced by Pre-independence finance minister, James Wilson on 7 April, 1860. The Indian Income Tax Act of 1860 was enforced to meet the losses sustained by the government on account of the military mutiny of 1857.

Taxes are levied by governments on their citizens to generate income for undertaking projects to boost the economy of the country and to raise the standard of living of its citizens. The authority of the government to levy taxes in India is derived from the Constitution of India, which allocates the power to levy taxes to the Central and State governments. All taxes levied within India need to be backed by an accompanying law passed by the Parliament or the State Legislature.

Now that we understand the types of taxes in the Indian tax structure, let us review the importance of taxes as understood by this distinction.

Importance of Direct Taxes

Direct taxes display the importance of taxes by reducing income inequalities with its progressive tax structure. Citizens are taxed in proportion to their economic circumstances, thereby encouraging social and economical equality.

Moreover, with direct taxes, taxpayers remain aware of how much tax they can be expected to pay in a financial year and prepare well in advance. Direct taxes are also useful in controlling inflation as any change in their rates can help in regulating demand and supply in the economy.

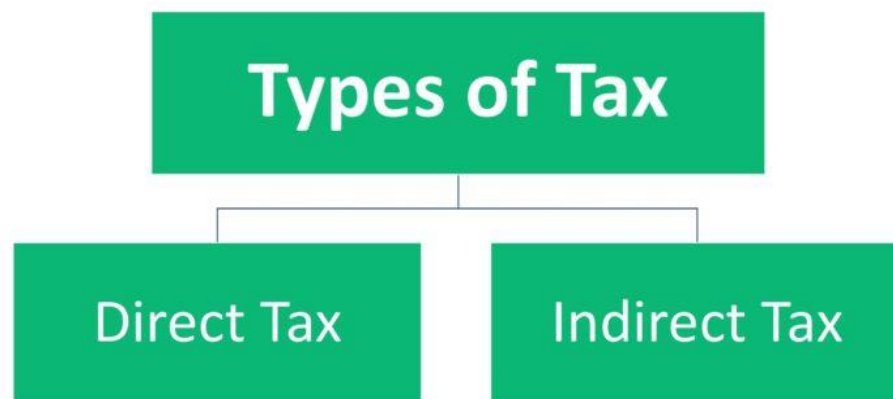
Importance of Indirect Taxes

The importance of taxes for the government when it comes to indirect taxation is that they are an automatic function that accompany the buying and selling of goods and services across the country. They are therefore easy to collect and convenient for both taxpayers and the tax collection authorities.

They also help broaden the country's net of tax liabilities, gathering contributions from those sections of society that are otherwise exempted from direct tax.

To run a nation judiciously ‘ the government needs to collect tax from the eligible citizens ; paying taxes to the local government is an integral part of everyone’s life, no matter where we live in the world, Now, taxes can be collected in any form such as state taxes, central government taxes, direct taxes, indirect taxes and such more. For your ease, let’s divide the types of taxation in India into two categories’ viz. direct taxes and indirect taxes. This segregation is based on how the tax is being paid to the government.

The Government of India levies two types of taxes on the citizens of India – Direct Tax and Indirect Tax. Indirect taxes are usually transferred to another person after being initially charged as a direct tax. Typical examples of an indirect tax include Goods and Services Tax (GST) and VAT. GST is charged on the manufacturers or service providers as a direct tax,



which is then transferred to the consumers when it is part of the final price of the goods or services, therefore, making it an indirect tax for the consumers.

On the other hand, the burden of the direct taxes cannot be transferred to another person, such as Income Tax, which every single person is supposed to pay directly to the tax authorities in India. Both indirect and direct taxes are vital components that play an important role in changing the course of the Indian economy.

WHAT IS A DIRECT TAX?

Direct taxes, usually charged on a person's income are paid directly by taxpayers or an organization to tax authorities of the Government of India. The person or the association in question cannot transfer this type of tax to another person or entity for payment. Some of the examples of direct tax include income tax and corporate tax in India.

A direct tax is **a tax that a person or organization pays directly to the entity that imposed it**. Examples include income tax, real property tax, personal property tax, and taxes on assets, all of which are paid by an individual taxpayer directly to the government.

A type of tax where the impact and the incidence fall under the same category can be defined as a Direct Tax. The tax is paid directly by the organisation or an individual to the entity that has imposed the payment. The tax must be paid directly to the government and cannot be paid to anyone else.

TYPES OF DIRECT TAXES IN INDIA

The various types of direct taxes levied on citizens by the Government of India are as follows:

1) CORPORATE TAX

Under the Indian Income Tax Act, 1961, both Indian as well as foreign organizations are liable to pay taxes to the government of India. The corporate tax is charged on the net profit of domestic firms. Also, foreign corporations whose profits appear or are deemed to emerge through their operations in India are similarly liable to pay taxes to the Government of India. The income of a company, remain it in the form of dividends, interest and royalties, is also taxable.

2) INCOME TAX:-

Income tax is maybe the most well-known direct tax imposed by the government on annual income generated by businesses and individuals. The income tax on income generated by the business houses is called as Corporate Tax. Income tax is calculated as per the provisions of Income Tax Act, 1961 and is directly paid to the central government on and yearly basis. The income tax rate depends on the net taxable income or the tax brace. Income tax possibly deducted in the form of TDS (tax deducted at source) in case of salaried employees. However, in case of self-employed individuals, the tax is payable on

the base of declared income as per their Income Tax Return submission. ITR is basically a statement of income and the tax liability (on the basis of income declared) which is submitted to the Income Tax Department in the arranged format.

3) CAPITAL GAINS TAX

The capital assets of and every person refer to anything owned for personal use or for the purpose of an investment. For businesses, the capital asset is anything that can be used for more than a year and is not future to be sold or liquidated during the course of business operation. Machinery, cars, buildings, shares, bonds, art, businesses and farms are some of the examples of capital assets. The capital gains tax is executed on the income derived from the sale of investments or assets. On the basis of the holding period, capital tax is characterized under short-term gains and long-term gains. calculated the capital gains by this formula;

At present, companies having gross turnover up to Rs.250 crore are responsible to pay corporate tax at 25% of the net profit even though companies with a gross turnover of more than Rs.250 crore are responsible to pay the corporate tax at 30%.

$$\text{CAPITAL GAINS} = \text{SALE VALUE} - \text{PURCHASE VALUE}$$

INDIRECT TAXES

Indirect tax is something that a manufacturer paying to the Government of his country. The load of tax payment is on end consumer as they are the ones purchasing the products. Unlike direct taxes, these are charged on materialistic goods.

WHAT IS INDIRECT TAX?

Indirect tax is a tax that can be passed on to another individual or thing. Indirect tax is generally executed on suppliers or manufacturers who pass it on to the final consumer. Excise duty, customs duty, and Value-Added Tax (VAT) these are examples of Indirect taxes.

Indirect taxes are defined by contrasting them with [direct taxes](#). Indirect taxes can be defined as [taxation](#) on an individual or entity, which is ultimately paid for by another person. The body that collects the tax will then remit it to the government. But in the case of direct taxes, the person immediately paying the tax is the person that the government is seeking to tax.¹

An indirect tax is a tax that is imposed on a transaction. Contrast this with a [direct tax](#), which is a tax imposed directly on a property, an entity, or a person. Indirect taxes are typically added to the prices of goods or services. Sales tax, value-added tax, [excise tax](#), and customs duties are examples of indirect taxes.

TYPES OF INDIRECT TAX

There are different types of indirect tax in India. But, after the implementation of GST, all these indirect taxes were bundled into one singular tax for the citizens of India. We will take a look at the different types of indirect tax in India:

1. SERVICE TAX:

This tax is charged by an entity in return for the service provided by them. The service tax is collected by the Government of India and deposited by them.

Service tax is imposed by the government on all the services provided by firms and servicing companies in lieu of monetary benefit. The service tax levied on services is actually borne by the customers which in turn goes through multiple channels of levying authorities till back to the government. Service tax will be applicable on the taxable services only which is provided or will be provided by the service provider agreeing upon the concern of actually offering services.

2. EXCISE DUTY:

When any type product or good is manufactured by a company in India, then the tax charged on those goods is called the Excise Duty. The manufacturing company pays the tax on the goods and in turn recover the amount from their clients.

3. VALUE ADDED TAX:-

It is a tax on the estimated market value added to a product or material at each stage of its manufacture or distribution, ultimately which is passed on to the consumer. It is a multi-point levy on each of the entities in the supply chain.

As well-known as VAT, this type of tax is charged on any product sold directly to customer and are movable. VAT involves of Central Sales Tax which is paid to the Government of India State Central Sales Tax which is paid to the respective State Government.

4. CUSTOM DUTY:

This a tax charged on the goods imported to India. Sometimes, Customs Duty is also charged on products which are exported out of India. Custom Duty is an indirect tax levied on import or export of goods in and out of country.

Customs duty is a tax on import & export of goods in India with specific rates on certain types of goods. Customs authorities are rightful in checking accurate details of the items exported or imported along with he origin of the item and duly validated rates & structure.

5. STAMP DUTY:

This is a tax charged on the transfer of any immovable property in a state of India. The state government in whose state the property is positioned charges this type of tax. Stamp tax is as well applicable on all legal documents too.

6. ENTERTAINMENT TAX:

Entertainment tax is charged by the state government and is applicable on any products or transactions related to entertainment. Buying of any video games, movie shows, sports activities, arcades, amusement parks, etc. are some of the products on which Entertainment Tax is charged.

7. SECURITIES TRANSACTION TAX:

This tax is charged during the trading of securities through Indian Stock Exchange.

Securities transaction tax is applicable on purchase or sale of equity shares, derivatives and equity oriented mutual funds. A person becomes investor after payment of STT at the time of selling securities (shares). Selling the shares after a period of 12 months comes under long term capital gains and one need not have to pay any tax on that gain. In the case of selling the shares before 12 months, one has to pay short term capital gains @10% flat on the gain.

COMPANY PROFILE

COMPANY PROFILE



CA AVI NARENDRA BHOYAR CHARTERED ACCOUNTANTS

- 1. Address:- 17, Mahatma Gandhi Nagar , Hudkeshwar Road, Nagpur - 440034**
- 2. Department:- Finance, Account, Taxation, Investment etc.**
- 3. Company Guide:- CA Avi bhoyar and CA Radheshyam Barde**
- 4. Stipend:- No Stipend**

Chartered Accountancy firm registered through the Institute of Chartered Accountants of India. Established in the year 2020 with the mission to provide a comprehensive range of audit & financial services to its clients.

We offer our expertise in the areas of Auditing, Taxation, finance and Company law related matters and Investment.

OUR SERVICES

- Auditing & Assurance
- Taxation – Direct and Indirect

- Business set up & Financial services
- Accounting outsourcing
- Investment

CA Avi Narendra Bhoyar is a leading Chartered accountancy firm. It is rendering comprehensive professional services which included Audit, Management consultancy, Tax consultancy, accounting services, Secretarial services, Investment. It is a professional firm. The team consist of distinguished chartered accountants, corporate financial advisors and tax consultants. The firm represent a combination of specialized skills, which are geared to offers sound financial advice and personalized proactive services. Those associated with the firm have regular interaction with industry and other Professional which enable the firmto keep pace with contemporary development and to meet the needs of its clients.

CA Avi Narendra Bhoyar has a clear vision for the future growth and development of financial markets and services and researcher to stay ahead of these trends and developments. CA Avi Nanadra Bhoyar its operations and areas of competencies and introduces services so as to assist client in their business operation and growth.

SERVICES OFFERING BY CA AVI NANADRA BHOYAR

- I. ONE PERSON COMPANY :** Register one person company (u/s 2 (62) of companies Act 2013) For quick start for your business within reasonable fees by experienced CA firms.
- II. LLP REGISTRATION :** Limited Liability Partnership (LLP) has benefit of the company registration & easiness of partnership. It is apt for small businesses. Experienced CA firms can ease out the process within reasonable fees.
- III. GST REGISTRATION :** GST registration of business is to enable selling of goods with turnover value beyond a certain limit. Limit may differ from state to state. It is necessary to get GST Input Tax credit Experienced CA firms can ease out the process within reasonable fees.
- IV. GST RETURN :** GST Return to be filed on periodic basis by business to provide information about value of turnover & Total GST liability & mode of Payment. Frequency may differ from state to state. Days will attract penalty.
- V. COMPANY REGISTRATION :- The Most common business composition is** to register a Pvt Ltd. Company. Company registration will enable limiting the person liability of promoters to the extent of paid up capital. Promoters have to get DIN & check availability of the company name.
- VI. PROJECT FINANCING :** Companies need funds to grow their business. Experienced CA can prepare project report for loan financing to ensure that you get best eligible amount in the shortest time. Generally, Fees are charged as percentage for financed amount. Experienced CA Firms can ensure compliance with reasonable fees.

COMPANY CORPORATE SERVICES

- ❖ Incorporation Of Company
- ❖ Consultancy on company Law matters.
- ❖ Adviser Planning for mergers, Acquisitions, De-mergers and corporate re- organization
- ❖ Filling of annual returns and various forms, documents.
- ❖ Cause 49 review for compliance with fiscal, corporate and tax laws
- ❖ Secretarial matters including share transfer
- ❖ Maintenance of stationary record

OBJECTIVES.

OBJECTIVES OF THE STUDY

- To study the Indian Tax Structure.
- To study the different taxes Collected in India
- To study the amount incurred on collection of taxes
- To study the amount of revenue which is collected from different types of tax.

SCOPE OF STUDY

- Scope of taxation in India.
- The taxation sector is one of the fastest-growing and rather dynamic career choices in the world.
- Irrespective of industry or a job position, every career sector checks for suitable academic background and work experience in a candidate.

NEED FOR THE STUDY

- The purpose of the study is to get detailed knowledge about Service Tax & Excise Duty in India.
- The purpose of the study is helping to Service Provider to briefly understand the need for charging Tax and the benefits out of that.
- Need to understand how Government raises their fund to run government and provide services to the public.

IMPORTANCE OF THE STUDY

- A Direct tax is compulsory directly on the taxpayer and paid directly to the government by the ones on whom it is imposed.
- Direct taxes can help control inflation.
- Direct taxes are compulsory on income and profits, indirect taxes are collected on goods and services
- Direct taxes and indirect taxes is an interesting and significant area to conducting research.
- The money received by the government is known as tax revenue and may be utilized for a broad spectrum of purposes such as infrastructure development in the form of roads, railways, bridges, dams etc., public healthcare and education, defence and civil services, to name a few.

CONTRIBUTION DURING SIP

Learning:-

I have done this internship with CA firm Avi Narendra Bhoyar Frim for a period of 45 Days. I did my work in financial sector under with CA guidance. During my tenure of internship I studied a lot of things like taxation, financial work, tally work etc.

I gained adequate knowledge about how the CA firm works. Overall it was a good experience working under the guidance of CA Avi Bhoyar Sir.

Contribution:-

The contribution from my side to the company was that I was assigned as a financial trading and the software which are used was tally ERP 9 then and like to make suspended account in which there is confusion of payment and where amount is paid the other nature of work are as follows:-

- 1.Accounting voucher
- 2.General entries
- 3.Documentation



Example:- Record Income Tax Payments (Payroll)

In Tally.ERP 9, you can record income tax payments using the appropriate **Payroll Ledger** .

Payment voucher

1. Go to **Gateway of Tally > Accounting Vouchers > F5: Payment** .
2. Press **F2** to change the voucher date.
3. Press **A** : **Payroll Auto Fill** .
4. Select the **Income Tax Challan** in **Process for** field
5. Enter the **From** and **To** dates
6. Enter the **Voucher Date**
7. Select the appropriate **Employee Category** .
8. Select the **Employee/Group** from the **List of Employees/Group** .
9. Select the appropriate **Bank/Cash Ledger** from the **List of Ledger Accounts** .
10. Select the appropriate **Payroll Ledger** from the **List of Ledger Accounts** .

Select the appropriate **Payroll Ledger** from the **List of Ledger Accounts** .

<u>Payment Auto Fill</u>	
Process for	: Income Tax Challan
From (blank for beginning)	: 1-4-2013
To (blank for end)	: 30-4-2013
Voucher Date	: 30-4-2013
Employee Category	: Primary Cost Category
Employee/Group	: J All Items
Bank / Cash Ledger	: HDFC Bank
Payroll Ledger	: Income Tax

11. Press **Enter** to show the income tax payment values for all employees.
12. Select **Yes** in Provide Details field, if you wish to print the payment details in **Income Tax Challan** .
13. In the **Payment Details** screen, enter the **Cheque/DD No.** , **Cheque/DD Date** , **Challan Date** , **Bank & Branch Code** .

Payment Details	
Cheque / DD No	: 239658
Cheque / DD Date	: 30-Apr-2013
Depositor Name	: Mr. Ramesh Sharma
Bank & Branch Code	: HDFC Bank, JP Nagar
BSR Code	: 510137
Challan Date	: 30-Apr-2013
Challan Number	: 126985
(Note : All the Above Details Will Be Used in Challan, Forms & Returns)	

14. Press **Enter** , and fill **Narration** , if any.

Accounting Voucher Creation		National Traders Pvt. Ltd.	Ctrl + M
Payment	No. 520		31-Mar-2011 Thursday
Account : State Bank of India Cur Bal: 2,86,190.00 Dr		Payroll autofill (Income Tax challan)	
Particulars	Amount		
Income Tax Cur Bal: 2,800.00 Dr Primary Cost Category Ajay Mahesh Rahul Suresh Vijay Kumar	2,800.00		
Office Rent Cur Bal: 12,00,000.00 Dr			
Provide Details	: Yes		
Narration:		2,800.00	
		Accept ? Yes or No	

15. Press **Enter** to save.

The **Income Tax** Department provides the facility for electronic filing (e-filing) of an income tax return. Before discussing the steps involved in the e filing of income tax return, it is essential for a taxpayer to keep the documents for calculation and reporting data in ITR.

Step 1: Calculation of Income and Tax

Step 2: Tax Deducted at Source (TDS) Certificates and Form 26AS

Step 3: Choose the right Income Tax Form

Step 4: Download ITR utility from Income Tax Portal

Step 5: Fill in your details in the Downloaded File

Step 6: Validate the Information Entered

Step 7: Convert the file to XML Format

Step 8: Upload the XML file on the Income Tax Portal

GST

Description

According to GST rules, it is mandatory for a business that has a turnover of above Rs.40 lakh to register as a normal taxable entity.

The step-by-step procedure that individuals must follow to complete GST

Registration is mentioned below:

Step 1: Visit the GST portal - <https://www.gst.gov.in>

Step 2: Click on the 'Register Now' link which can be found under the 'Taxpayers' tab

Step 3: Select 'New Registration'.

Step 4: Fill the below-mentioned details:

Under the 'I am a' drop-down menu, select 'Taxpayer'.

Select the respective state and district.

Enter the name of the business.

Enter the PAN of the business.

Enter the email ID and mobile number in the respective boxes. The entered email ID and mobile number must be active as OTPs will be sent to them.

Enter the image that is shown on the screen and click on 'Proceed'.

Step 5: On the next page, enter the OTP that was sent to the email ID and mobile number in the respective boxes.

Step 6: Once the details have been entered, click on 'Proceed'.

Step 7: You will be shown the Temporary Reference Number (TRN) on the screen. Make a note of the TRN.

Step 8: Visit the GST portal again and click on 'Register' under the 'Taxpayers' menu.

Step 9: Select 'Temporary Reference Number (TRN)'.

Step 10: Enter the TRN and the captcha details.

Step 11: Click on 'Proceed'.

Step 12: You will receive an OTP on your email ID and registered mobile number. Enter the OTP on the next page and click on 'Proceed'.

Step 13: The status of your application will be available on the next page. On the right side, there will be an Edit icon, click on it.

Step 14: There will be 10 sections on the next page. All the relevant details must be filled, and the necessary documents must be submitted. The list of documents that must be.

LIMITATIONS OF THE STUDY

- This study is conducted only on Direct and Indirect Taxation in India.
- Direct tax is progressive and Indirect tax is regressive.
- Taxes may be charged only for public purpose.
- The time period allotted for the collection of data was insufficient.
- The time period for the collection of data was from 2017-2018, 2018-2019, 2019-2020, 2021-2022 only

RESEARCH METHODOLOGY

MEANING OF RESEARCH:

Research is a hardworking and systematic survey or study into a subject in order to discover or revise a facts, theories, applications etc.

MEANING OF METHODOLOGY:

Methodology is the system of methods used in a particular area of study or activity and followed by a particular discipline.

RESEARCH METHODOLOGY:

Research methodology is a methodology for collecting all sorts of information and data appropriate to the subject in question. The objective is to survey all the issues involved and conduct situational analysis. The methodology consists of the overall research design, sampling procedure and fieldwork done and finally the analysis procedure. The methodology used in the survey consistent of sample survey using both primary & secondary data. The primary data has been collected with the help of questionnaire as well as personal opinion book, magazine, journals have been referred for secondary data. The questionnaire has been created and presented by the researcher himself.

Data collection:-

For the success of any project accurate & relevant data is very important & necessary. Data collection is classified into two methods, such as

- 1) Primary Data
- 2) Secondary Data

SOURCE OF DATA

➤ PRIMARY DATA

Data that has been collected from first-hand experience is called as primary data.

Primary data has not been published so far and is more reliable, authentic and objective. Primary data has not been changed or altered by peoples; therefore, its validity is greater than secondary data. Importance of Primary Data is in statistical surveys it is necessary to get information from primary sources and work on primary data.

Primary Data is not used for this study.

➤ SECONDARY DATA

Data collected from a source that has already been published in any form is called as secondary data. The literature review in any research is based on secondary data. It is collected by someone else for some other purpose but being utilized by the investigator for another purpose.

This study is based on secondary data only. The data is collected through different sources like RBI annual reports, department of revenue, ministry of finance of government of India, articles published in newspapers, journals, textbooks, internet sources, websites,

DATA ANALYSIS AND INTERPRETATION

MEANING OF ANALYSIS

Data analysis involves the study of relationships or degrees of association among several variables. the analysis is nothing but the ordering of data for obtaining answers to research questions. it is the breaking down of statistics and ordering them in this kind of way in order to acquire a significant solution to the research query. The tables and diagrams given below clearly explain our analytical section.

MEANING OF INTERPRETATION

Data interpretation can be defined as applying statistical procedures to analyze specific facts from a study of research. It refers to the techniques of drawing inferences from an analytical look at of gathered facts. Interpretation of statistics is completed with the aid of the usage of statistical tools like tables, Pie diagrams, Bar graphs, and also the use of quantitative strategies to derive a few meaningful statistics. the subsequent description, tables and interpretation helped to make an analysis of my observe.

CLASSIFICATION AND TABULATION OF DATA

The data thus collected were classified according to the categories, comparative tables, and the summary tables were prepared.

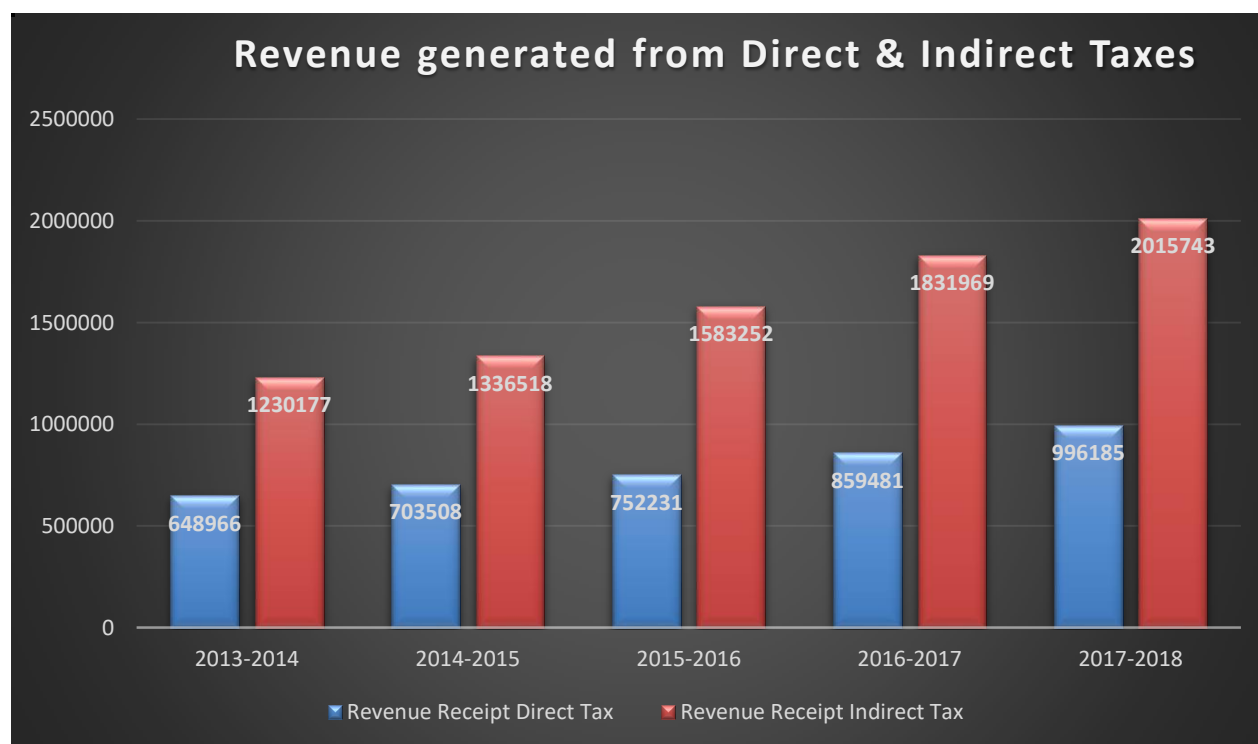
STATISTICAL TOOLS USED FOR ANALYSIS

Out of the overall respondents, the respondents who replied logically had been taken under consideration even as going into statistical info and evaluation of records. The gear that have been used for studying records & inference drawing are particularly statistical equipment like percent, ranking, averages, and so on. As consistent with questionnaire and marketplace surveys I've discover distinct responses from distinct people. in line with their responses I analyze the findings and draw positive comments.

➤ ANALYSIS OF INDIAN TAX STRUCTURE: -

Following are the details of the amount elevated from Direct Taxes and Indirect taxes by combined both central and state governments.

YEAR	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Revenue Receipt Direct Tax	648966	703508	752231	859481	996185
Revenue Receipt Indirect Tax	1230177	1336518	1583252	1831969	2015743



Source-
(Public Finance Statistics, Ministry of Finance, 2017-2018)

nce, 2017-2018)

INTERPRETATIONS: -

From the above table it is seen that there is more dependence on indirect taxes for revenue collection than direct taxes. It is almost clear from the above chart that the amount received from Indirect taxes is almost double from the amount received from direct taxes. Over dependency on Indirect Taxes is clearly visible.

➤ **ADVANTAGES AND DISADVANTAGES OF BOTH INDIRECT TAXES AND DIRECT TAXES IN INDIA.**

ADVANTAGES OF INDIRECT TAXES: -

➤ CONVENIENT AND TIME SAVING: -

Indirect taxes are imposed on Manufacturers, seller's and traders but their burden is imposed on the consumers of the goods and services and thus these consumers are the final tax payers. They are convenient from point of view as tax payer as he pays indirect taxes in minor amounts. Similarly, they are convenient to government as they collect these taxes in lumpsum from the manufacturers.

One of the merits of indirect tax is that it is transferable from one person to another. Since the taxpayer is the end buyer, retailers or service providers can collect it directly at their stores. This makes the collection of this tax time-saving and convenient.

➤ Everyone can contribute:-

Unlike Income Tax, which has to be paid by individuals in certain income brackets and not others, Indirect Taxes have to be paid by each and everyone who purchases the commodity. Persons not working in India like tourists and persons of lower economic strata also have to pay it because they will in some form purchase commodities.

➤ Easy to Fetch:-

It is relatively easier to collect than direct tax. Retailers or service providers add this tax to a products market price and collect it only upon purchase. Therefore, the initial taxpayer (retailer or service provider) need not worry about recollecting it from their customers.

➤ **DIFFICULT TO EVADE: -**

As in many examples the selling price is inclusive of indirect taxes, it is very difficult to evade these taxes.

➤ **WIDE COVERAGE: -**

Indirect taxes have more extensive coverage than the direct taxes as majority of the goods and services have indirect taxes included in their price. Therefore, the consumers have to pay them.

➤ **ELASTIC: -**

Some of the indirect taxes are elastic in nature, when government wants to increase the revenue, they increase the indirect taxes.

➤ **UNIVERSALITY: -**

Indirect taxes are paid by both rich and poor person so they have the universal appear.

➤ **PATTERN OF PRODUCTION: -**

By Imposing taxes on certain commodities or sectors, government can controller the pattern of production.

➤ **INDIVIDUALS MAY NOT DEMOTIVATE TO WORK AND SAVE: -**

As indirect taxes are not depending on Income, Individuals may not get demotivated to work and save.

DISADVANTAGES OF INDIRECT TAXES

➤ **REGRESSIVE NATURE:-**

This tax remains regressive to some extent even after the introduction of the Goods and Services Tax. The tax on a commodity or service is the same for all, disregarding the poor or rich. This makes commodities expensive for a poor person and affects his net operating income.

➤ **INEQUITABLE: -**

The Load of Indirect Taxes is more on poor people than Rich People. Hence Indirect Taxes remain considered to be Inequitable.

➤ **UNECONOMICAL: -**

As government has to make a lot of expenditures for collection of the Indirect Taxes, This Taxes are Considered as uneconomical. Final Consumer has to pay much higher money than received by the government.

➤ **UNCERTAINTY: -**

Amount of Indirect Tax Collection cannot be forecast as increase in Indirect Tax Results in Increase in Prices of the commodity and thus reduces the demand of the commodity. Hence there is always uncertainty over the money of indirect taxes collected.

➤ **INFLATIONARY: -**

As Indirect Taxes increases the amounts of the commodity, they are considered as Inflationary. If Government depends added on indirect taxes, then Inflation will keep on increasing.

➤ **NON-AWARENESS: -**

There is lack of awareness among the tax payers of Indirect taxes as nobody identifies that he is paying taxes as it is included in the price.

➤ **EVASION: -**

There is more chance of Tax Evasion as Manufacturers can collect taxes from public and pay only fewer taxes with the understanding of government officials.

➤ **DISCOURAGE INDUSTRIES: -**

The raw material used through the industrial sector is taxed indirectly. In the same way Finished goods are taxed which increases the price of the product resulting in demand reduction. In this system indirect taxes discourage industries.

➤ **UNFAIR PROFIT: -**

The Producers increase amounts of commodities to maintain their profit margin. Hence burden is on consumers.

➤ **UNEMPLOYMENT: -**

Due to Increase in charges, demand gets reduced discouraging industries as a result of which Unemployment increases.

➤ **DIRECT TAXES ALSO HAVE THEIR OWN ADVANTAGES AND DISADVANTAGES**

ADVANTAGES OF DIRECT TAXES: -

➤ **Equitable:-**

The Load of direct taxes cannot be shifted hence they are progressive and equitable in nature.

➤ **Economical:-**

The Rate of collection of direct tax is low. Mostly they are collected at source. Hence the direct taxes are economical.

➤ **Certain:-**

There is certainty on the funds of direct taxes to be collected from both the sides. Tax Payers know their income and thus know the money of taxes they would be required to pay. Also, tax authorities also know about the income expected from direct taxes.

➤ **Productive: -**

Direct Taxes are Productive in nature. As the community raises in numbers and prosperity, the returns from direct taxes also grow.

➤ **Means of developing civic sense:-**

In case of Direct taxes the persons know that they are paying taxes and it develops consciousness among the people. They know their right to ask government how the government is using the funds for development of the nation. Therefore, Direct Taxes Increases the civic consciousness.

DISADVANTAGES OF DIRECT TAXES: -

➤ Inconvenient:-

Direct Taxes Pinches the customer. The direct taxes are accordingly inconvenient. Nobody can help feeling the pinch.

➤ Evadable:-

A taxpayer can submit failed return and evade the taxes. Hence direct taxes are tax on honesty. Honest persons are suffered more in direct taxes than the dishonest people.

➤ Social conflict:-

Direct tax boosts social conflict as not every part members of the society has to pay direct taxes.

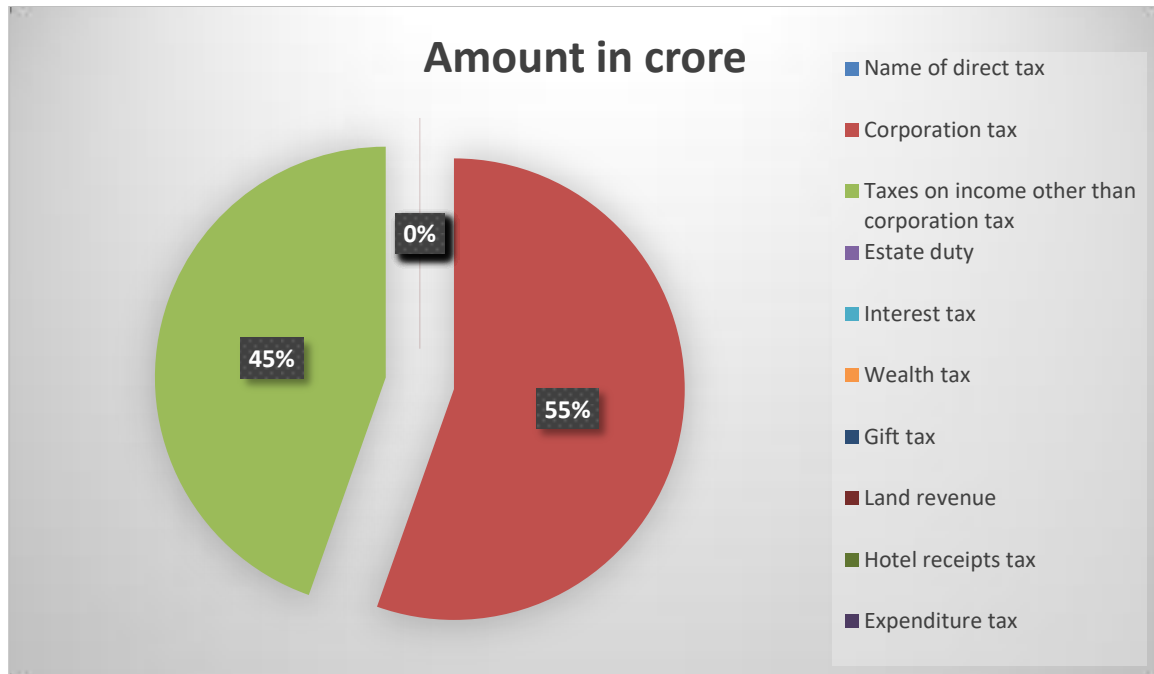
➤ Discourage Saving and Investment:-

Unnecessary increase in direct taxes may discourage savings and investment which in long term will affect country's economy.

➤ **PROPORTION OF DIFFERENT DIRECT TAXES UNDER DIRECT**

➤ **TAXES HEADING FOR THE YEAR 2017-2018**

Name of direct tax	Amount in crore	%age Share in Total Direct Tax
Corporation tax	538745	55.41230221
Taxes on income other than corporation tax	433494	44.5867721
Estate duty	0	0
Interest tax	0	0
Wealth tax	0	0
Gift tax	0	0
Land revenue	9	0.00092569
Hotel receipts tax	0	0
Expenditure tax	0	0

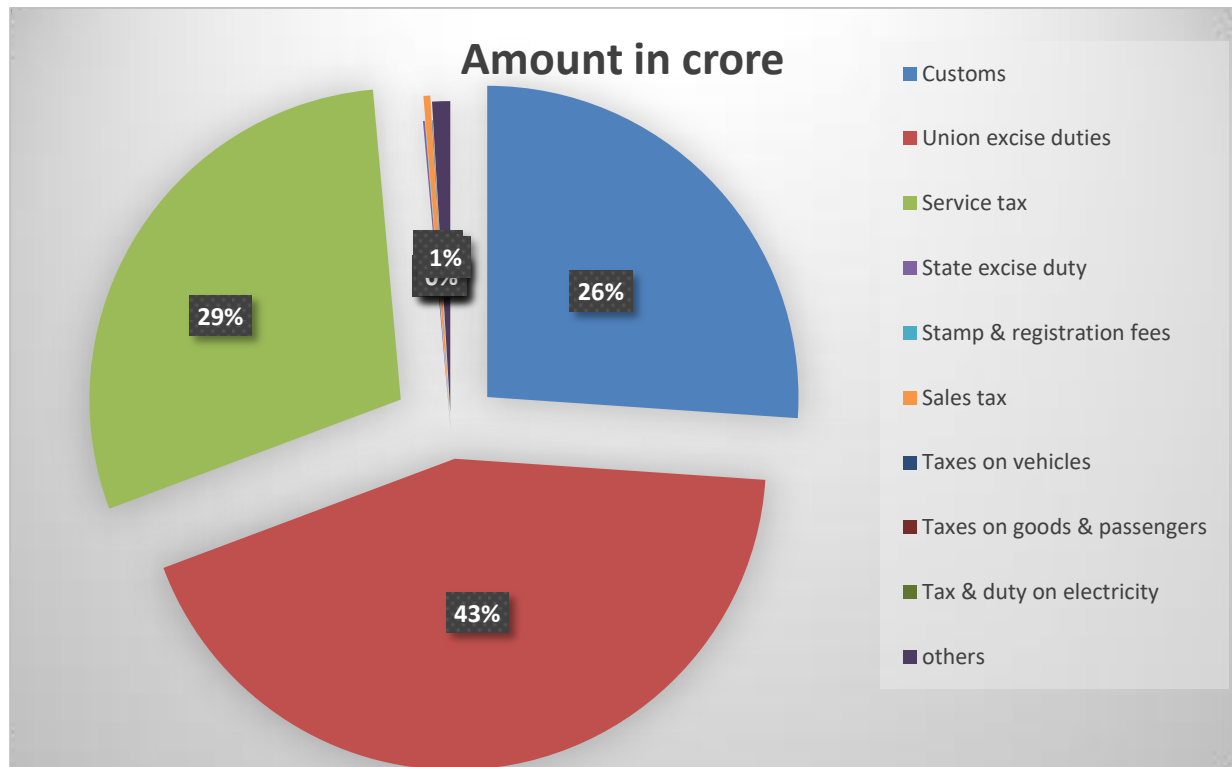


INTERPRETATIONS:-

The Major funds of direct taxes is Coming from Corporation Tax and Taxation on Income i.e. 55 % and 44 % respectively. All other sources constitute up to 1% Share of Direct Taxes.

➤ **PROPORTION OF DIFFERENT INDIRECT TAXES UNDER
INDIRECT TAXES HEADING: -**

Name of direct tax	Amount in crore	%age Share in Total Direct Tax
Customs	245000	26.08236491
Union excise duties	405920	43.21368803
Service tax	275000	29.27612388
State excise duty	885	0.09421589
Stamp & registration fees	191	0.020333599
Sales tax	3300	0.351313487
Taxes on vehicles	213	0.022675689
Taxes on goods & passengers	11	0.001171045
Tax & duty on electricity	25	0.002661466
Others	8787	0.935452002



INTERPRETATIONS:-

The Largest funds of Indirect Tax is generated from Union excise duties i.e. 43 %, Service tax constitute up to 29% ,Customs 26 %, and remaining all others 2%.

FINDINGS

- There is a huge number of taxes in India and different collecting authorities causing multiplicity of taxes in India
- There is a vast dependence on indirect taxes for revenue generation. The amount collected from indirect taxes is nearly two times the amount collected from direct taxes.
- Both direct taxes and Indirect taxes take their own advantages and disadvantages.
- Under direct taxes, the most important components of taxes are corporation tax and taxes on income.
- Under indirect taxes, the most important components are customs, excise duty and service taxes.
- The amount expended on collection of taxes is growing year on year.

SUGGESTIONS

- Government of India should focus more on structural reforms than policy reforms.
- GST should be implemented soon to reduce the number of indirect taxes and facilitate comfort of doing business in India.
- There should be effective execution of Anti-Tax evasion Bill.
- Innovative Tax Systems like Banking Transaction Tax System Suggested by Arthakranti Pratishthan Should be rules Serious thought upon as they can be future alternatives.
- Administrative expenses incurred on Tax Collection needs to be brought down by making decrease in the number of taxes and tax collection authorities

CONCLUSIONS

Due to Multiplicity of taxes, there is unhappiness between citizens of India regarding tax structure. Taxes by Union Government, State Governments and the local governments have resulted in complications and harassment to the tax payer. He has to connection several authorities and maintain separate records for each of them. An Ideal Tax system must follow Adam smith's canons of taxation but due to over dependence on indirect taxes, the tax systems suffer from the problems like Inequality, regressive, uneconomical, inflationary, etc. The Tax System has failed to stop tax evasion and control the growth of parallel economy. White paper issued by Indian government on black money in 2012 tells that parallel economy exist the same funds of Indian

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