

SUMMER INTERNSHIP PROJECT

ON

“A STUDY ON TAXATION PROCEDURES WITH SPECIAL REFERENCE WITH CA AVI NARENDRA BHOYAR FIRM “

Submitted to :-

DMSR

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

Affiliated to:-

Rashtrasant Tukdoji Maharaj Nagpur University, Nagpur

Submitted by:

Mr. Sahil Uttam Rahangdale

Company Guide :-

CA. Avi Narendra Bhoyar

Faculty Guide :-

Dr. Pragati Pandey

**Department of Management Sciences and Research,
G. S. College of Commerce & Economics, Nagpur
NAAC Accredited “A” Grade Institution**



Academic Year 2021-2022



CERTIFICATE

This is to certify that the investigation described in this report titled “**A study On Taxation Procedures With Special Reference CA. Avi Narendra Bhoyar Firm**” has been carried out by **Mr. Sahil Uttam Rahangdale** during the summer internship project. The study was done in the organization, **CA Avi Narendra Bhoyar** in partial fulfilment of the Requirement for the degree of Master of Business Administration of **G. S. College of Commerce & Economics, DMSR, Nagpur** affiliated to **R. T. M. Nagpur University, Nagpur**. This work is the own work of the candidate, complete in all respects and is of sufficiently high standard to warrant its submission to the said degree. The assistances and resources used for this work are duly acknowledged.

Dr. Pragati Pandey
(Faculty Guide)

Dr. Sonali Gadekar
(MBA Co-orinator)

CERTIFICATE

AVI NARENDR BHOYAR
CHARTERED ACCOUNTANT
17 Mahatma Gandhi Nagar
Hudkeshwar Road
Nagpur – 440034 [M.S.]

CA Avi Narendra Bhojar
Mob. No. : 9890309464
E-mail : caradhebarde@gmail.com
caavibhojar@gmail.com

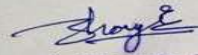
Date :-15/01/2022

TO WHOMSOEVER IT MAY CONCERN

This is to certify that Mr. **Sahil Uttam Rahangdale** 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 **20/11/2021 to 06/01/2022** under our guidance. During the period of his internship he was found punctual, hardworking and inquisitive.

We wish him every success in life.




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

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It is matter of pride and privilege for me to have done a Summer Internship Projects in “**CA Avi Narendra Bhoyar firm**” and I am sincerely thankful to them to for providing opportunity to me.

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

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

Mr. Sahil Rahangdale

Signature

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INTRODUCTION

INTRODUCTION

Taxation is the means by which a government or the taxing authority imposes it levels a tax on its citizen and business entities. Form income tax to goods and business entities.

The central and state governments play a significant role in determining the taxes in India to streamline the process of taxation and ensure transparency in the country. the government of India rates two types of taxes on the citizens of India – Direct Tax and Indirect Tax.

The act of practice of imposing taxes against any person, property, or activity for the support of government is called taxation. A tax is a financial charge imposed by a state or functional bodies governing a state. Funds are generated through taxation, and then, states or other governing bodies perform various functions using these funds. These functions include enforcement of law-and-order economic infrastructure, war expenditures, protection of historical properties, and many more Government uses these funds also to operate itself. The fund collected from the public is in the form of money that is invested in public welfare and services. These services include education in school, Colleges, health care system, public transport, and many other services consumed by the public.

India is a well-developed country, which also has a well-developed tax structure. Taxation in India is done through two federal bodies, that is, the State Government and the Central Government. The authority of imposing taxes is distributed between these two bodies. These governing bodies implement taxes according to the provision laid by the Constitution of India. The main taxes that the Central Government imposes are income tax, customs duties, central excise, sales tax, and service tax. The taxes that the State Government imposes are stamp duty, state excise, land revenue, and entertainment tax. • In India, since

1991, the tax system has been undergoing a radical change. The taxation structure is divided into two categories: 1. Direct taxes 2. Indirect taxes

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 direct tax is levied on individuals and organizations and cannot be shifted to another payer. Often with a direct tax, such as the personal income tax, tax rates increase as the taxpayer's ability to pay increases, resulting in what's called a progressive tax

Indirect taxes are usually transferred to another person after being initially charged as a direct tax. Mutual examples of an indirect tax include Goods and Services Tax (GST) and VAT. which is then transferred to the consumers when it is part of the final price of the goods or services, therefor, making it an indirect tax for the consumers.

It is defined as the tax levied not on the incomes, profits or revenue but the goods and services rendered by the taxpayer. Early the list of indirect taxes imposed on taxpayers included serviced tax, sales tax, value added tax (VAT), central excise duty and customs duty. Both indirect taxes are vital components that play an important role in changing the course of the Indian economy.

However, with the implements of goods and services tax (GST) regimes form 01 July 2017, it has replaced all forms of indirect tax imposed on goods and services by the states and central governments.

GST has not only been reduced the physical interfaced but also lower the cost of compliance with the uniforms of the indirect taxes.

GST is known as the goods and services tax. It is an indirect tax which replaced many indirect taxes in India such as the excised duty, VAT, services tax, etc

Indirect tax is something that a manufacturing pays to the Governments of his country.

Indirect tax is applied by the governments of India .

History Of GST

On July 1st 2017, the Goods and Services Tax implemented in India. But, the process of implementing the new tax regime commenced a long time ago. In 2000, Atal Bihari Vajpayee, then Prime Minister of India, set up a committee to draft the GST law. In 2004, a task force concluded that the new tax structure should put in place to enhance the tax regime at the time.

In 2006, Finance Minister proposed the introduction of GST from 1st April 2010 and in 2011 the Constitution Amendment Bill passed to enable the introduction of the GST law. In 2012, the Standing Committee started discussions about GST, and tabled its report on GST a year later. In 2014, the new Finance Minister at the time, Arun Jaitley, reintroduced the GST bill in Parliament and passed the bill in Lok Sabha in 2015. Yet, the implementation of the law delayed as it was not passed in Rajya Sabha.

GST went live in 2016, and the amended model GST law passed in both the house. The President of India also gave assent. In 2017 the passing of 4 supplementary GST Bills in Lok Sabha as well as the approval of the same by the Cabinet. Rajya Sabha then passed 4 supplementary GST Bills and the new tax regime implemented on 1st July 2017.

Important points of GST

1. The Goods and Services Tax (GST) was first implemented in France.
2. India's GST is based on the Canadian model.
3. GST in India was made on the recommendation of Vijay Kelkar Committee.
4. GST in India was implemented on July 1, 2017

5. The first state which implemented the GST was Assam.
 6. Amitabh Bachchan has been made the brand ambassador of GST.
 7. GST has been implemented under Article 279 of the Indian constitution.
 8. GST Council was formed by the President of India in September 2016.
 9. At present Finance Minister Arun Jaitley is the Chairman of the GST Council.
 10. At present GST Council has 31 members.
 11. GST has been implemented by the 101st Constitution Amendment Act, 2016.
 12. The GST was the 122nd constitutional amendment bill to be introduced in the Parliament of India.
 13. The President of India approved GST bill on 8th September 2016.
 14. There is a provision of 5 years imprisonment for those who do not pay GST.
 15. There are 5 rates of taxes in GST i.e., 0%, 5%, 12%, 18% and 28%.
- GST tax rate 2019
17. GST is an indirect tax in more broader terms it can be said a federal tax.
 18. After the implementation of GST, sales tax, service tax, customs duty, excise duty, VAT, Octroi tax etc. will not exist.
 19. The biggest reason behind the implementation of the GST is to bring uniformity in the tax system of the country.
 20. After the implementation of GST, tradition of 'Tax upon Tax' will be eliminated.

TYPES OF TAXATIONS STRUCTURES IN INDIA



WHAT IS A DIRECT TAX?

Direct taxes are the taxes that are levied on the income and resources of individuals or organizations. Normally, they are levied on wealth or income through income tax, corporate tax, capital gains tax, and inheritance tax. Personal income tax is imposed by the Central Government and governed by the Central Board of Direct Taxes under the Ministry of Finance. The income tax is charged by the government according to the individual's income. For example, if a person earns Rs. 2,00,000 per annum and the income tax on it is 1 percent, then the taxable amount is 20 percent of Rs. 2,00,000. The amount to be paid to the government is thus Rs. 40,000.

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.

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.

TYPES OF DIRECT TAXES IN INDIA

- **CORPORATE TAX**
- **INCOME TAX**
- **CAPITAL GAIN TAX**

• CORPORATE TAX

Under the Indian Income Tax Act, 1961, both Indian as well as foreign organization 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.

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 morethanRs.250 crore are responsible to pay the corporate tax at 30%.

• 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 a yearly basis. The income tax rate depends on the net taxable income or the tax brace. Income tax policy 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.

CAPITAL GAINS TAX

The capital assets of 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;

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

DIRECT TAXES ADVANTAGES & 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, there turns from direct taxes also grow.

- **DISADVANTAGES OF DIRECT TAXES: -**

- **Inconvenient:-**

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

- **Evadable:-**

- A tax payer 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 member of the society has to pay direct taxes.

- **Discourage Saving and Investment:-**

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

Important of Direct tax

1. Equity:

Direct taxes like income tax, wealth tax, etc. are based on the principle of ability to pay, so the equity or justice in the allocation of tax burden is well secured by these taxes.

A horizontal equity is maintained by taxing persons in a similar economic situation at the same rate, so also a vertical equity in direct taxation is maintained by discriminating between tax payers according to their differing economic standing.

2. Progressive:

Usually, direct taxation is progressive in effect. Since direct taxes can be designed with fine gradation and progressiveness, they can serve as an important fiscal weapon of reducing the gap of inequalities in income and wealth. Direct taxes thus lead to the objective of social equality. Death duties and inheritance taxes are unique in this respect.

3. Productive:

Direct taxes are elastic and productive. Revenue from direct taxes increases or decrease automatically with the change in the national income or wealth of the country.

4. Certainty:

The canon of certainty is perfectly embodied in direct taxation. Compared to indirect taxes, direct taxes are more exact and precise in estimating the revenue. Further, in direct taxes, the tax-payer knows how much he has to pay and the State can estimate the yields correctly.

5. Economy:

The canon of economy is also well maintained under direct taxation. Direct taxes like income tax etc. being collected annually in lump-sum, the administrative cost of such collection will be minimum as compared to the indirect taxes like sales tax, excise duties, etc., which are collected at short intervals (usually, quarterly), and which involve a high cost of collection.

Further, chances of tax evasion are also minimised in direct taxes when they are collected at source. Gladstone, therefore, puts it as: “If you had only direct taxes you would have an economical government.”

6. Educative:

Direct taxes have an educative value as they create a civic sense among the tax-payers. Citizens realise their duty to pay taxes and because of the direct burden of taxes they become conscious and keep vigil on how the public income is spent by the government in a democratic country.

7. Anti-inflationary:

Direct taxation can serve as a good instrument of anti-inflationary fiscal policy designed to maintain the price level at a stable level. The excessive purchasing power during inflation can be mopped up from the community through increased direct taxes.

INDIRECT TAXES

Indirect tax is the tax imposed by the government on a taxpayer for goods and services bought.

Indirect tax is not levied on the income of the taxpayer and can be passed on from one individual to another. Examples of indirect taxes include sales tax, entertainment tax, excise duty, etc. These are levied on the sellers of goods or the providers of service, where it is passed on to the end consumer in the form of service tax, excise duty, entertainment tax, custom duty etc.

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.

Indirect tax is at 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 the taxes that are collected by an intermediary body from a person who put up with the ultimate economic burden of the tax, such as a consumer or a customer. This tax is not imposed on an; person or organization. Rather, it is levied on goods or services. Indirect taxes include taxes such as sales tax, value-added tax, service tax, entertainment tax, fringe benefit tax, and food tax

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:

- **SALES TAX**
- **SERVICE TAX**
- **EXCISE TAX**
- **VALUE TAX**
- **CUSTOM DUTY**
- **STAMP DUTY**

- **SALES TAX :**

Sales tax is a tax charged at the point of purchase for certain goods and services. It is an important source of revenue of the states. It is levied on all sales of goods. It is the liability of the seller who recovers this from the buyers. Each state has its own sales tax act under which the sales tax is imposed at different rates. Retail organizations contend that such taxes discourage retail sales. The retailer generally sells the goods on fluctuating rates to gain the benefits and meet his liability. For example, if a retailer purchases a product of Rs. 100 and the government has imposed tax of 4% on it, then the retailer has to pay Rs. 104 in total

- **SERVICE TAX :**

Service tax is an indirect tax imposed on specified services. It was introduced in India for the first time in 1994. It is imposed at an interest of 5 percent on commissions and brokerage fees charges by stockbrokers, the gross amount of telephone bills, and premiums for nonlife insurance.

- **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.

- **VALUE TAX :**

VAT stands for value-added tax. It is a consumption tax that is assessed on the value added to goods and services. VAT is applied to all the commercial activities involved in the production and distribution of goods and the provision of services. We call it a consumption tax because it is borne by the consumer who is at the final stage of supply chain management system. It is a multistage tax, and is levied only on value added at each stage in supply chain management system. VAT is an indirect tax, in which the tax is collected from someone who is not the one that actually bears the cost of the tax. VAT is charged as a tax burden that is actually visible at each and every stage in the supply chain management system.

- **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.

- **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.

- **ENTERTAINMENT TAX :**

Entertainment tax is a tax that is imposed on entertainment. In India, this tax is levied on entertainment services like movie tickets, commercial shows in large scale, and some private festival celebrations.

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.

ADVANTAGES OF INDIRECT TAXES:-

- **CONVENIENT:-**

- 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

- **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 appeal.

- **PATTERN OF PRODUCTION:-**

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

DISADVANTAGES OF INDIRECT TAXES

- **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.

- **UNEMPLOYMENT:-**

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

COMPANY PROFILE

COMPANY PROFILE



AVI NARENDRA BHOYAR

CHARTERED ACCOUNTANTS FIRM

1. Address :- 17 Mahatma Gandhi Nagar, Hudkeshwar Road ,
Nagpur –440034[m.s.]

2. Department :- Finance, Account, Assurance ,Taxation, Investments

3. Company Guide :- MR. Avi Narendra Bhoyar

4. Stipend:- No stipend

CA:-Avi Narendra Bhoyar
(Founder)

Charter Accountant firms register thought the institute of chartered Accountant of India, established in the year 2015 with the mission to provide a comprehensive range of Audit & Financial services to in clients.

We offer our expertise in the arears pf Auditing, Taxation, Finance and company law related matter and investment

Our Services

- Auditing & Assurance
- Taxation -Direct & Indirect
- Business set up & Financial Services
- Accounts outsourcing
- investments

AVI NARENDRA BHOYAR (CA) FIRM : 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 offer sound financial advice and personalized proactive services. Those associated with the firm have regular interaction with industry and other Professional which enable the firm to keep pace with contemporary development and to meet the needs of its clients.

SERVICES OFFERING BY AVI NARENDRA BHOYAR (CA) FIRM

- **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.
- **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.
- **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.

TEMINOLOGY: -

1. **Compound Interest :-** compound interest on the amounts of money you have deposited or borrowed.
2. **FICO Scores:-** FICO Score is an acronym for fair Isaac Corp, the company that came up with the methodology for calculating a credit score.
3. **Net Worth:-** Net worth is simply the different between assets and liability .
4. **Asset's allocation :-** Asset's allocation is where you choose to put your money.
5. **Rebalancing :-** Rebalancing is standard practice in any portfolio . it is the process of stock and bond back to desired percentages.
6. **stock option :-** Stock option can be offered by companies as management incentives ,
7. **Balance sheet:-** A balance sheet is an important financial statement ‘
8. **capital gain :-** A capital gain is increase in the value of asset or investment .
9. **Asset :-** Assets are you own the future benefit to your business .
10. **capital markets:-** This is a market where buyers and sellers engage in trade of financial assets .

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 taxes.

SCOPE OF STUDY

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

NEED 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 are an interesting and significant area to conducting research.

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.

CONTRIBUTION DURING SIP

CONTRIBUTION DURING SIP

1. WORK ON TALLY DURING SIP INTERSHIP PROGRAM: -

LEARNING: -

I have done my internship under CA firm where I have to do Tally work on daily basis. Workings like recording ledgers, taxation work learning. Also, I have to show all those work to my CA on daily basis. In 45 days under CA firm financial work has to be done.

I studied a lot of things and gain adequate knowledge about how the CA Firm works. The overall experience working in the CA firm was overall good.

Brief Introduction to Tally Software

Tally ERP 9 is an Accounting Software designed and developed by the Tally Solutions Private Limited, a Bangalore (India) based IT Solution Company. It is a kind of Application Software where the accounting process is carried out mechanically through instructions given by the user with the selection of graphical represented information of computer screen. This software is purely developed based on the Accounting Principles and Mercantile Law fundamentals, for better management of Finance, Logistics and Administration of Commerce and Trading, yet it doesn't have any accounting knowledge. This software is simple yet powerful and this is obviously Standalone Accounting Software.

Introducing Ledgers: -

- A ledger is the most important part of your company's financial records.
- It constitutes the records of each transaction, such as withdrawal or deposit of money through vouchers.
- Since ledgers are the vital part of the company's account, it is important that you understand their needs.
- Ledgers are the actual account to which all individual transactions are allotted.

- Creating ledger in Tally is very easy. What we have to maintain is the link between ledgers and groups. This means that while creating ledger, we have to maintain the group under which that particular ledger appears in the screen.
- Suppose when we are creating ledgers for salaries, we have to maintain that group under which they item salaries displayed. The term 'Salaries' comes under the group indirect expenses.
- When we are creating a particular ledger in tally a pop-up menu consisting of various groups on the right side of the screen, we can select 'indirect expenses' from the list of groups.

2.Procedure in Ledgers:-

Create a Tax Ledger :-

Tax ledgers have to be created using the Duties and Taxes group. This group is automatically used for the calculation of tax. The tax ledger holds the entire automatic calculation for TDS tax deductions at the voucher's entry level. It is internally enabled to calculate tax. The option to specify the tax type is available only for ledgers under the Duties and Taxes group.

The tax ledger master screen can be created by undertaking the following steps:

1. Click the Accounts Info, option in the Gateway of Tally menu. The Accounts Info, menu appears.
2. Click the Ledgers options from the Accounts Info. menu. The Ledgers menu appears.
3. Click the Create option from the Ledgers menu. The Ledger Creation screen appears.
4. Type the name of the ledger besides the Name option.
5. Select the Duties & Taxes option from the List of Group menu beside the Under option. On selecting the Duties and Taxes option, you will get the options related to this type in the Ledger Creation screen.
6. Select the TDS type beside the Type of Duty/Tax option from the list Type of Duty/Tax menu.

7. Select the desired nature of TDS payment from the List of TDS Nature of Pym menu beside the Nature of Payment option. In our case, we have selected Fees for Professional or Technical Services.

8. Set the Inventory values are affected option to Yes. 9. Set the Cost centres are applicable option to Yes.

10. Type the opening balance beside the Opening Balance (on I-Apr-2010) option. In our case, we have typed 200000.

11. Click the Yes option from the Accept? message box to save the ledger. The Ledger Creation screen appears.

12. Press the ESC key or click the Close button to go back to the Ledgers menu.

Setting statutory & Taxation Features :-

You can click the statutory & Taxation option in the Company Features menu to go to the statutory & Taxation feature.

There are various fields/options in the statutory & Taxation window, which you have to set according to your requirements. For example, the above figure, we have set Enable Value Added Tax (VAT) to Yes because we this field in the ledger

1. Service Tax Ledgers; -

When you want to maintain a separate account for service tax collected without the education cess and secondary education cess, you can create a ledger for service tax.

1. Go to Gateway of Tally > Accounts Info. > Ledgers > Create .
2. Enter the ledger Name .
3. Select Duties & Taxes as the group name in the field Under .
4. Select Service Tax as the Type of duty/tax .
5. Select Service Tax as the Tax head .
6. Define the Rounding method and select Statutory Information , as required. The Ledger Creation screen appears as shown below:

Ledger Creation		ABC Company		Ctrl + M	
Name	: Service Tax			Total Op. Bal.	
(alias)	:			6,74,000.00 Dr	
				2,40,400.00 Cr	
				Difference	
				4,33,600.00 Dr	
<p>Under : Duties & Taxes (Current Liabilities)</p> <p>Type of duty/tax : Service Tax</p> <p>Tax head : Service Tax</p> <p>Inventory values are affected ? No</p> <p>Cost centres are applicable ? No</p> <p>Rounding method : Not Applicable</p> <p>Statutory Information</p> <p>Include in assessable value calculation for : Not Applicable</p>		<p>Mailing Details</p> <p>Name : </p> <p>Address : </p> <p>Provide bank details : No</p> <p>Tax Registration Details</p> <p>PAN / IT No. : </p>			
Opening Balance (on 1-Apr-2015) :		<p>Accept ?</p> <p>Yes or No</p>			

7. Press Enter to save.

2. Common Tax Ledger for Service Tax;-

You can create a single ledger for service tax which can be used to account for service tax, education cess, and secondary education cess.

1. Go to Gateway of Tally > Accounts Info. > Ledgers > Create.
2. Enter the ledger Name.
3. Select Duties & Taxes as the group name in the field Under.
4. Select Service Tax as the Type of duty/tax.
5. Select Any as the Tax Head from the List of Tax Heads.
6. Set the Rounding method, as required. The Ledger Creation screen appears as shown below:

The screenshot shows the 'Ledger Creation' window in Tally. The title bar includes 'D-Day Events' and 'Ctrl + M'. The window is divided into several sections:

- Name (alias):** Service Tax
- Total Op. Bal.:** (Empty field)
- Under:** Duties & Taxes (Current Liabilities)
- Type of duty/tax:** Service Tax
- Tax head:** Any
- Inventory values are affected:** No
- Rounding method:** Not Applicable
- Mailing Details:** Name, Address, Provide bank details (No)
- Tax Registration Details:** PAN
- Opening Balance (on 1-Apr-2015):** (Empty field)
- Accept ?** (Yes or No button)

7. Press Enter to save.

RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

MEANING OF RESEARCH:

Research is a hardworking and systematic survey or study into a subject in order to discover or revise 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 conducts institutional analysis. The methodology consists of the overall research design, sampling procedure and field work 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.

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, text books, 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 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.

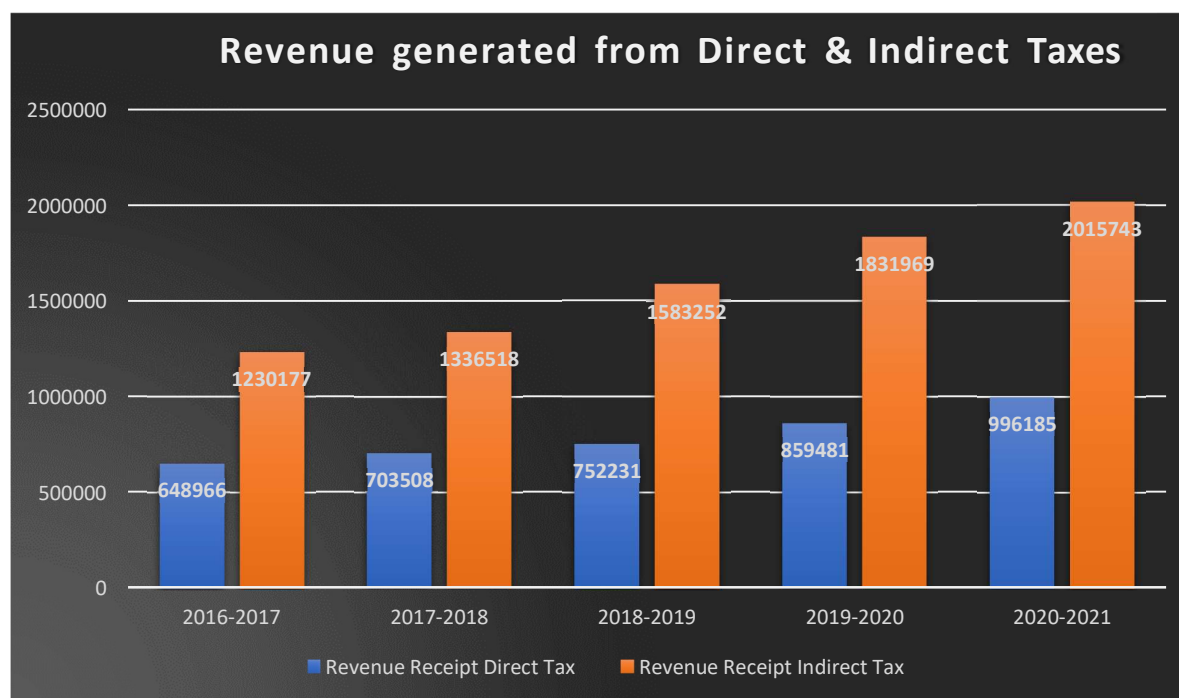
STATISTICAL TOOLS USED FOR ANALYSIS

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 has 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	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Revenue Receipt Direct Tax	648966	703508	752231	859481	996185
Revenue Receipt Indirect Tax	1230177	1336518	1583252	1831969	2015743

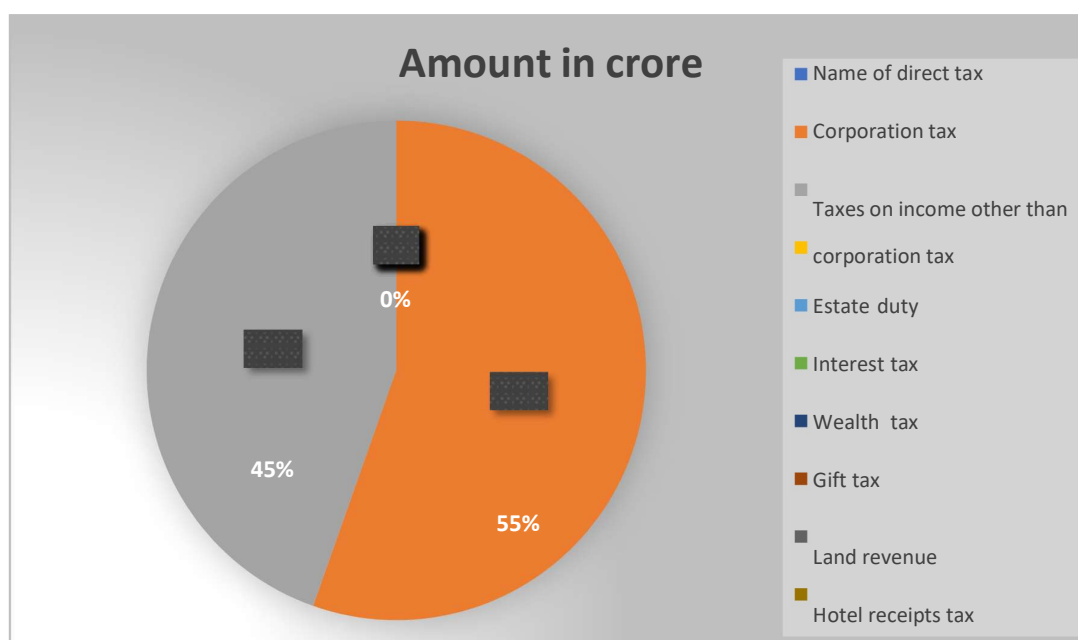


INTERPRETATIONS: -

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.

PROPORTION OF DIFFERENT DIRECT TAXES UNDER DIRECT TAXES HEADING FOR THE YEAR 2020-2021

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



- **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

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.
- 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 2012tells that parallel economy exists the same funds of Indian GDP.

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