CHAPTER - VI

CONCLUSIONS AND SUGGESTIONS

6.1 Conclusions:

On the basis of the analysis of the data collected, the following conclusions are drawn. These conclusions are as under:

I. Income-Tax Consultants:

Conclusions regarding income-tax consultants are as under:

1. 50% of tax consultants are having qualification ‘chartered accountant’. (Table No. 5.1)
2. Office location of income-tax consultant is not so important for clients in selecting their tax consultants. They rely on ‘trust on tax consultants’ and ‘services provided by them’. (Table 5.2)
3. 10% income-tax consultants providing services without help of assistants and 71% tax consultants providing services with the help of maximum 5 assistants. It makes clear that 81% income-tax consultants are of small sized and operates on small scale basis. (Table 5.3)
4. Qualification, skill and experience are the main criteria in selecting staff but in informal discussion with tax consultants, it is observed that the group of friends and relatives of income-tax consultants plays important role in selecting staff of tax consultants. (Table 5.4)
5. The services rendered by tax consultants are technical by nature. Technical services require constant and regular training to staff. 83.33% tax consultants provide such training to their staff. (Table 5.5)
6. 66.67% tax consultants provide value added tax consultancy services while 53.33% tax consultants provide service tax consultancy services with the core areas of practice of providing services of income-tax issues, tax planning and tax compliances and procedural work. Other taxation services such as Central Excise and Customs are not provided by most of the income-tax consultants as there is no demand from assessees in studied area. 16.67% tax consultants provide services regarding Central Excise Duty and only 6.67% tax consultants provide services regarding Custom Duty. (Table 5.6)

7. 80% income-tax consultants also provide the book-keeping services to their clients. (Table 5.7)

8. Cost accounting services are not so common in this area. Only 16.67% income-tax consultants provide this service to their clients. (Table 5.8)

9. Income-tax consultants having qualification chartered accountant and who are competent to conduct audit work, provide services of statutory audits, tax audits, VAT audits and internal audits. On an average 56.67% tax consultants provide these services. (Table 5.9)

10. Cost audit services, financial audit, environment audit and information system audit etc. are seems not so common in this area. (Table 5.9)

11. 66.67% income-tax consultants provide the project planning and financing services to their clients. Other services provided by tax consultants include management accountancy, internal audits and arrangement for the sources of finance etc. On an average 25% tax consultants provide these services. (Table 5.10)
12. 90% income-tax consultants supply information regarding tax amendments and decisions of High Courts and Supreme Court to their clients. (Table 5.11)

13. Returns of income can be filed either in paper form or through online. It is clear that 76.67% tax consultants use both the modes for filing the returns of income. **10% tax consultants still use only paper form for filing the returns of income.** (Table 5.12)

14. 37% tax consultants face problem in electronically filing the returns of income. Most of the senior income-tax consultants are not updated with the computer system and are dependent on the assistants for electronically filing the returns of income. (Table 5.14)

15. There are technical problems in electronically filing the return of income of assessees. Tax consultants face major problem regarding acknowledgement of income-tax return filed. (Table 5.14)

16. 50% individual assessees are unaware of tax provisions relating to their business or profession, tax obligations, due dates regarding tax compliances etc. (Table 5.15)

17. 63.33% individual assessees have no trained staff with them. (Table no. 5.16)

18. Approximately 50% partnership firm assessees and 88% company assessees have trained staff. (Table no. 5.16)

19. Assessees and their untrained staffs that are unaware of book-keeping and accountancy make errors in book-keeping or use wrong methods for book-keeping, etc. (Table no. 5.17)
II. Individual Assessees:

Conclusions as drawn from the data collected and analyzed related to individual assessees are as under:

1. The main sources of income of 69.33% individual assessees are ‘profit or gain from business or profession’ and 23.67% individual assessees is ‘income from salary’. Only 7% individual assessees are engaged in vocational activities. (Table no. 5.18)

2. As majority individuals are engaged in business and profession, their income is taxable under the head ‘Profits and gains from business or profession’. Table no. 5.19)

3. Income range of 54.33% individual assessees is below Rs. 3,00,000/-. (Table no. 5.20)

4. 67.33% individual assessees have selected their income-tax consultants having qualification ‘chartered accountant’ as they can provide maximum tax services at single window. (Table 5.21)

5. 100% selected individual assessees avail taxation services from their tax consultants. 30.33% individual assessees who are small traders, professionals, vocational etc. are avail non-tax services like book-keeping, various types of audits, consultancy services regarding profit maximization, cost control etc. (Table 5.22)

6. Individual assessees avail mostly income-tax consultancy services from income-tax consultants but 18.67% individual assessees may avail consultancy services for other taxes too. These taxes include VAT, Service tax, Central Excise, Customs duty etc. (Table 5.23)
7. 30.34% individual assesses have availed allied services like maintaining books of accounts, internal audit, management consultancy and financial consultancy services etc., along with taxation services. (Table 5.24 & Table 5.26)

8. Generally manufacturing companies requires ‘cost audit’ services. None of the individual assesses availed cost audit service. (Table no. 5.25)

9. General behavior of staff of the income-tax consultants is polite with these assesses. They are courteous and helpful to assesses. They avoid behave rudely with them. (Table no. 5.27)

10. Majority of assesses get timely information as to the amendments, judgments etc. from their tax consultants. (Table no. 5.28)

11. Individual assesses get information regarding tax matters through tax consultants, friends and relatives and media i.e. newspapers, magazines, television, internet etc. (Table no. 5.29)

12. Majority individual assesses know only those tax provisions which are closely related to their income-tax computation. (Table no. 5.30)

13. Majority of the assesses try to know each and every provision relating to calculation of their income and all the details about calculations made by tax consultants for it. (Table no. 5.30)

14. 90% individuals discuss the annual budget provisions which are relating to their tax matters with their tax consultants. (Table no. 5.31)
15. First return of income is filed by 99% individual assesses to assess taxable income or to claim the loss or to claim the refund of tax deducted at source. (Table no. 5.32)

16. Majority individual assesses start preparation for filing the return of income one month before due date. They fulfill all tax obligations, collect required documents and approach to their tax consultants for further process. (Table no. 5.33)

17. Some time lag is required by the tax consultants for preparing return of income of the assesses after documents provided by them. This time lag various from assesse to assesse and tax consultant to tax consultant. (Table no. 5.34)

18. Only 1.67% assesses have failed to file returns of income within the specified period. (Table no. 5.35)

19. All the individuals who are late in filing return of income are penalized. (Table no. 5.36)

20. Individual assesses select their tax consultant very carefully and hardly change their tax consultant. 3.33% individual assesses have changed their tax consultants. (Table no. 5.39)

21. No single individual assesse is scrutinized. (Table no. 5.42)

22. Impression of approximately 96% individual assesses regarding fees charged by tax consultants is reasonable as compared to the services received from them. (Table no.5.43)

23. Approximately 84% individual assesses are satisfied with services provided by tax consultants. (Table no.5.44)

III. Partnership Firm Assesees:

Conclusions as drawn from collected and analyzed data regarding partnership firm assesses are as under:
1. All the partnership firms studied are registered under Partnership Act, 1932. (Table no. 5.45)

2. 44% firms are liable to tax audit. (Table no. 5.46)

3. As a business entity, the partnership firms earn profit by carrying on their business activities as well as capital gain on sale / purchase of their assets or income from other sources like interest on bank deposits, dividend etc. (Table no. 5.47)

4. Net profit range of majority partnership firms is less than Rs. 50,00,000/-. (Table no. 5.48)

5. Book profit range of majority partnership firms is less than Rs. 50,00,000/-. (Table no. 5.49)

6. Majority of the firms opt for Chartered Accountants’ firms as their tax consultants. (Table no. 5.50)

7. Partnership firm assesses avail taxation services from tax consultants regarding taxes including income-tax, VAT, Service tax, Central Excise, Customs duty etc. (Table no. 5.51)

8. All the medium and large size partnership firms appoint staff for maintaining financial account (i.e. book-keeping). Only 10% small size firms do not maintain their own staff for the purpose. (Table no. 5.52)

9. No partnership firm under survey is maintained cost accounting record and availed cost accountancy services from their tax consultants. (Table no. 5.52)

10. Most of the partnership firm assesses availed Tax audit and VAT Audit services from their tax consultants. (Table no. 5.53)
11. None of the partnership firm have availed cost audit services, financial audit, environment audit and information system audit etc. (Table no. 5.53)

12. Very few partnership firm assessees availed management accountancy, project planning and financing, project improvement or turn around studies, arrangement for the sources of finance, etc. consultancy services from their tax consultants. (Table no. 5.54)

13. 45% partnership firm assessees get timely information as to the amendments, judgments etc. from their tax consultants. (Table no. 5.55)

14. 90% partnership firm assessees receive reminders regarding tax compliance from their tax consultants. (Table no. 5.56)

15. General behavior of staff of the income-tax consultants is polite with the assessees. (Table no. 5.57)

16. Tax consultants and media plays a vital role in providing information on tax matters to the Partnership Firm assessees. (Table no. 5.58)

17. Majority firm assessees know basic tax provisions as well as the provisions which are closely related to their income-tax computation. They are unaware of other major issues of Income-Tax Act which are not related to their business. (Table no. 5.59)

18. 90% partnership firms don't hold discussions regarding provisions of annual budget with tax consultant. (Table no. 5.60)
19. 94% partnership firms have filed their first return of income to assess taxable income or to claim the loss or to claim the refund of tax deducted at source. (Table no. 5.61)

20. Partnership firm assessees are punctual in filing of returns of income. They fulfill all tax obligations, collect required documents within time period. All the firms examined have filed their returns of income before due date. (Table no. 5.62)

21. Tax consultants required maximum one month’s time lag to file return of income of the partnership firm assessees after receiving all the required documents from them. (Table no. 5.63)

22. No single firm is found which faced the penalty for late filing of return of income. (Table no. 5.64)

23. Very few partnership firm assessees have changed their tax consultant due to reasons of inconvenience, change in office place of tax consultant, change in place of his own office, death of the tax consultant and higher fees/charges. (Table no. 5.66)

24. Tax consultants of partnership firm assessees have never misplaced the documents submitted by assessees. (5.B.II.vii)

25. No single tax consultant has discussed the financial matters of assessees with others. (Table no. 5.67)

26. All the firm assessees have full faith in the sincerity and integrity of their tax consultants. (5.B.II.ix.)

27. Only one partnership firm assessee faced scrutiny process. The tax consultant of the partnership firm scrutinized, appeared and attended the hearings of the case. (Table no. 5.68)
28. 80% partnership firm assessees are satisfied with the fees charged by the tax consultants and the services rendered by them. (Table no. 5.69 and Table no. 5.70)

IV. Company Assessee:
Conclusions regarding company assessees are as under:

1. The main source of income of Company assessees is ‘Profits and gains from business or profession’. Some company assessees have other sources of income i.e. ‘income from house property’, ‘income from other sources’ and ‘capital gains’ etc. (Table no. 5.71)

2. Net profit range of majority company assessees is less than Rs. 50,00,000/-. (Table no. 5.72)

3. Book profit range of majority company assessees is less than Rs. 50,00,000/-. (Table no. 5.73)

4. Company assessees have preferred the tax consultancy services from Chartered Accountants. (Table no. 5.74)

5. 73.33% company assessees have appointed separate tax consultants other than their auditors who are Chartered Accountants for other tax services such as Service tax, Central Excise, VAT etc. (Table no. 5.75)

6. Apart from the core area of income-tax consultancy services, companies avail the Value Added Tax consultancy and Service Tax consultancy services respectively. (Table no. 5.76)

7. No company assessee has availed the custom duty services from their tax consultant in selected area. (Table no. 5.76)
8. Most of the company assessees have appointed staff for maintaining financial account. Very few company assessees have availed book-keeping services from their tax consultants. (Table no. 5.77)

9. No company assessees under survey is maintained cost accounting record and availed these services from their tax consultants. (Table no. 5.77)

10. All the companies availed the services of tax audit and statutory audit. (Table no. 5.77)

11. Majority company assessees have availed the services of VAT audit. (Table no. 5.77)

12. Very few company assessees have availed the service of internal audit to keep the record accurate, project planning and financing, project improvement or turn around studies and arrangement for the sources of finance. (Table no. 5.77)

13. No single company has availed the services of environmental audit and information system audit, management accountancy. (Table no. 5.77 and Table no. 5.78)

14. 83.33% company assessees get timely information as to the amendments, judgments etc. from their tax consultants. (Table no. 5.79)

15. All the company assessees receive reminders regarding tax compliance from their tax consultants which make to comply all the necessities in time and save from penalization. (Table no. 5.80)
16. General behavior of staff of the income-tax consultants is polite with these assessees. They are courteous and helpful to assessees. (Table no. 5.81)

17. Tax consultants and media plays a vital role in providing information on tax matters to the Company assessees too. (Table no. 5.82)

18. Majority of directors and managers of the company assessees know basic tax provisions as well as the provisions which are closely related to their business. (Table no. 5.83)

19. Directors and Managers of 90% companies hold discussions regarding provisions of annual budget with tax consultants. (Table no. 5.84)

20. Company assessees studied has filed their first return of income for the payment of tax, due to taxable profit, to carry forward loss, to claim refund etc. Only 30% companies voluntarily filed return of income for their own sake. (Table no. 5.85)

21. Company assessees are punctual in filing of returns of income. (5.B.III.iv.2)

22. After receipt of documents from the company assessees the tax consultants prepare the income-tax returns in due form and file it with the Income-Tax Office. Though the time lag is different for every tax consultant, they have filed return of income within time specified. (Table no. 5.86)

23. No single company is found which faced the penalty for late filing of return of income. (Table no. 5.87)
24. 10% company assessees have faced scrutiny process and the tax consultants of those company assessees appeared and attended the hearings of the case. (Table no. 5.89)

25. 10% company assessees have changed their tax consultant due to the change in office place of tax consultant, change in place of his own office and dissatisfactory services by tax consultants. (Table no. 5.91)

26. None of the tax consultants of company assessees is misplaced the documents submitted by the assessees. (5.B.III.vii)

27. No single tax consultant has discussed the financial matters of assessees with others. All the company assessees have full faith in the sincerity and integrity of their tax consultants. (Table no. 5.93)

28. Majority of the company assessees are satisfied with the fees charged by the tax consultants. (Table no. 5.94)

29. 90% company assessees are fully satisfied with the services rendered by their tax consultants. (Table no. 5.95)

6.2 Suggestions

On the background of the data collected, analyzed and conclusions drawn, certain suggestions have been made here for improving the relationship between income-tax consultants and their clients.

1. In selecting assistants by income-tax consultants the main criteria should be ‘educational qualification’.

2. Income-tax consultants should provide constant and regular training to their staff.
3. Tax consultants should give attention that their assistants are working with due responsibility.

4. Income-tax consultants should intimate the amendments or the judgments of courts to their clients.

5. Income-tax consultants should be ‘computer literate’ so as they need not to depend on the assistants for electronically filing the return of income.

6. Income-tax consultants are suggested not to expect that all the assesses aware of tax matters. They themselves are expected to give time to their clients who are unaware of tax matters and explain them in simple language.

7. All type of assesses are suggested to keep up date knowledge of own business regarding financial matters.

8. All the assesses should be ‘tax educated’. They should be punctual and alert in case of tax obligations.

9. For the purpose of tax-educating assesses, it is suggested to the Income-Tax Department to arrange workshops, seminars and training courses for assesses. Department may take help of television channels for tax-educating the people. Interest in income-tax should be created among people. People of India must be tax aware and tax-educated.

10. Individual assesses should maintain books of accounts properly and should take help of their tax consultant in this regard. The books of accounts maintained by the assesses should be accurate and as required by the law.

11. All types of assesses should prepare required documentary record enough before due date and approach to tax consultant to avoid hurry.
12. Company and firm assesses should discuss the tax provisions of annual budget with tax consultants so that they can help in proper tax planning.

13. In service industry there are no specific norms for deciding fees or charges for service rendered. These norms should be formed through proper authority and through proper channel.

14. In electronically filing the return of income tax consultants cannot make it sure that acknowledgement in Form No, ITR-V sent to Income Tax Department at Bangalore by ordinary post is received by the Department. If Income Tax Department does not receives or receives after specified period Form ITR-V sent by assessee, it will be deemed that the return in respect of which the Form ITR-V has been filed was never furnished.

   It is suggested to Income-Tax Department to make necessary amendment in this regard. If this acknowledgement is permitted to send by Registered A.D. or by courier it will helpful to assesses as well as tax consultants.

15. E-returns are accepted as they are filed. As it is e-filing cross verifying software should be uploaded and only correct e-returns should be accepted. At least e-payments can be verified with bank accounts, insurance premium paid can be verified with insurance companies etc.

16. It is suggested to Income-Tax Department not to make frequent amendments.

17. Department should publish some manuals in simple and local languages regarding tax matters. Amendments also are explained by the Departments through such publications time to time.