APPENDIX I
TAXATION OF INCOME IN INDIA:
A STUDY OF POST LIBERALISATION PERIOD
(Questionnaire to be filled by the chartered accountants)

Name: ________________________
Age (in Years): Below 30 □ 30 but below 45 □ 45 but below 60 □ 60 or above 60 □
Education: ________________________
Location (City): ________________________
Experience (in Years):
Below 5 □ 5 but below 10 □ 10 but below 20 □ 20 or above 20 □
Gender: Male □ Female □
Annual Income (in rupees):
Below 2 lakhs □ 2 but below 5 lakhs □ 5 but below 10 lakhs □ 10 or above 10 lakhs □

1. Income Tax Rates in India for different assesses (Please Tick)
   Individuals/HUFs Too high □ High □ Reasonable □ Low □ Too low □
   AOPs/BOIs Too high □ High □ Reasonable □ Low □ Too low □
   Firms Too high □ High □ Reasonable □ Low □ Too low □
   Companies Too high □ High □ Reasonable □ Low □ Too low □

2. Which tax rate system would be the most suitable for our country? (Please Tick)
   Flat □ Progressive □ Regressive □

3. Tax incentives should be phased out completely. (Please Tick)
   Strongly agree □ Agree □ Neither agree nor disagree □ Disagree □
   Strongly disagree □
   If Strongly agree or agree then Please Tick reasons:
   □ Open loopholes for tax avoidance □ Make law complicated □
   □ Distort investment choice □ Create corruption □
   □ Increase administrative burden □ Complicate procedure □
   □ High tax exemption limit □ Increase litigation □
   □ Distort principle of equity □ Reduce tax base □
   □ Growth of one sector may be at the cost of another □
   □ Any other (specify) ________________________

4. Indian Income tax system is mature enough to introduce Exempt Exempt Tax (EET) System. (Please Tick)
   Strongly agree □ Agree □ Neither agree nor disagree □ Disagree □
   Strongly disagree □
   If Strongly agree or Agree then, what rate of tax should be applied on savings at the time of maturity? (Please Tick)
   Flat □ Progressive □ Regressive □

5. Tax evasion in India is very high. (Please Tick)
Strongly agree □ Agree □ Neither agree nor disagree □ Disagree
□ Strongly disagree □

If Strongly agree or agree, then please tick the probable reasons for the same:
   High tax rates □
   Low probability of detection □
   If caught it could be managed □
   Low tax morality □
   Social acceptance of tax evasion □
   Multiple taxes □
   Ineffective penalty & prosecution provisions □
   Inefficiency in income tax department □
   Taxpayers perceive that Government does not spend tax revenue prudently □
   Any other (specify) ________________________

6. Corruption is prevalent in the income tax system. (Please Tick)
   Strongly agree □ Agree □ Neither agree nor disagree □ Disagree
   □ Strongly disagree □

   If Strongly Agree or Agree, then please tick the probable reasons for the same:
   Excessive discretionary powers available with income tax authorities □
   Lack of integrity on the part of income tax officials □
   Complicated documentation □
   Lot of harassment to taxpayers □
   Time consuming and costly judicial process □
   Lack of awareness regarding rights available with taxpayers □
   Low pay of income tax employees □
   Any other (specify) ________________________

7. Please Tick measures for improvement in tax compliance.
   Reduction in tax rates □
   Simplification of tax law □
   Increase in publicity □
   Extensive use of TDS system □
   Implementation of voluntary disclosure scheme □
   More transactions under Annual Information Return network □
   Proper processing & use of information available under AIR □
   Intensive use of coercive recovery □
   Any other (specify) ________________________

8. Assessments are completed in prescribed time limit. (Please Tick)
   Strongly agree □ Agree □ Neither agree nor disagree □ Disagree
   □ Strongly disagree □

   If Disagree or Strongly disagree, what may be the reasons for the same?
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________

   Please Tick the remedial measures:
Increase in proportion of summary assessment
Increase in number of assessing officers
Help from some outside agency
Central processing of assessments
Motivation for e-filing of returns
Any other (specify) ________________________

9. There is unreasonable delay in paying refunds by Income Tax Department. (Please Tick)
   Strongly agree □ Agree □ Neither agree nor disagree □ Disagree □
   Strongly disagree □

   If Strongly agree or Agree, then please tick the probable reasons for the same:
   Increase in number of returns □ Shortage of staff □
   Introduction of annexure-less return □ Inefficient staff □
   Improper filing of returns □ Intentional delay to get bribe □
   Cumbersome process □ Time consuming process □
   High TDS rates □
   Any other (specify) ________________________

10. Comment on the administrative efficiency of Income Tax Department after computerization. (Please Tick)
    Increased □ Decreased □ No change □

    If Decreased, Please tick the appropriate reasons:
    Lack of technological up gradation □ Improper training to manpower □
    Non availability of proper tax software □ Power cuts □
    Any other (specify) ________________________

11. Why tax payers seek guidance of Tax Professionals? (Please Tick)
    Complexity of the Income Tax Law □
    Frequent changes in tax law and procedures □
    Non helping attitude of Tax Department □
    Minimisation of tax burden □
    Avoiding mistakes in tax compliance □
    Low cost of hiring tax advisors □
    Any other (specify) ________________________

12. Do your clients discuss the following problems with you? (Please Tick)
    High tax rates □ Corruption in income tax department □
    Complicated tax law □ High compliance cost □
    Lengthy return forms □ Indifferent attitude of assessing officers □
    Non availability of forms for different purposes □
    Lack of transparency in tax administration □
    Difficult to satisfy assessing officers regarding correctness of information □
    Threats by assessing officers for penalty even for minor technical mistakes □
    Any other (specify) ________________________

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13. Please express your views on physical environment prevailing in Income Tax offices.

HS: Highly Satisfactory, S: Satisfactory, N: Neither satisfactory nor dissatisfactory, DS: Dissatisfactory, HDS: Highly dissatisfactory

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<thead>
<tr>
<th></th>
<th>HS</th>
<th>S</th>
<th>N</th>
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<td>Office space</td>
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<td>Working conditions</td>
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<td>Waiting room facility for taxpayers</td>
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<td>Drinking water</td>
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<td>Wash room facility</td>
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<td>Any other (specify)</td>
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14. The following statements describe various aspects of Income Tax System. Express your feelings on the following scale:

SA: Strongly agree
A: Agree
N: Neither agree nor disagree
D: Disagree
SD: Strongly disagree

<table>
<thead>
<tr>
<th>Statements</th>
<th>SA</th>
<th>A</th>
<th>N</th>
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<tbody>
<tr>
<td>There should be only two types of residential status i.e. resident and non resident.</td>
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<td>H.U.F status should be eliminated and share of income from H.U.F should be taxable in the hands of coparceners.</td>
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<td>Sections relating to exemptions and deductions for salaried class should be substituted by a consolidated deduction with percentage (say 30%) of gross salary subject to a cap.</td>
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<td>The provisions under the head salary should be same whether the employee is working in private sector, public sector or Government sector.</td>
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<td>The unabsorbed depreciation should be merged with business loss and business loss should be allowed to carry forward indefinitely.</td>
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<td>Number of blocks under Section 32 for depreciation should be reduced.</td>
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<td>There should be compatibility between depreciation provided under Income Tax Act and Companies Act.</td>
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</table>
The losses carried forward for set off in subsequent years separately under each head of income should be allowed inter head set off.

Dividend should be taxed in the hands of receiver rather than company.

Minimum Alternative Tax should be replaced by ceiling on deductions.

Surcharge and Cess should be imposed only for short period.

There is a need to incorporate more reforms to make it compatible at international level.

There must be long term fiscal policy and frequent amendments must be avoided in law.

The Government amends the law to nullify the decision of courts in favour of taxpayers; it shakes the confidence of assessees.

It is unfair to amend law with retrospective effect as it leads to re-opening of assessments.

There should be an inbuilt provision for automatic indexation of income tax law (basic exemption limit, standard deduction, tax rates, composition of tax brackets etc.)

Expenditure on social welfare by government is according to tax revenue collections.

Number of dependents should be considered while calculating tax liability of an individual.

Higher exemption limit for females is justified.

Higher exemption limit for senior citizens is justified.

The age for senior citizens should be fixed as 60 years instead of 65 years for income tax purpose.

After introducing tax incentives Government should assess the cost and benefit of the same.

Incentive provisions are introduced on basis of lobbying rather than on the basis of merit.

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<tr>
<th>Statements</th>
<th>SA</th>
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<tbody>
<tr>
<td>Tax incentives introduced with time limit and for some specific purpose must be withdrawn after they serve the purpose.</td>
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<td>Agriculture income is used to convert black money in white.</td>
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<tr>
<td>Statements</td>
<td>SA</td>
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<td>Dispute settlement machinery is working</td>
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<td>Big agriculturalists having large earnings should be brought under the tax net</td>
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<td>Capital gains arising from transfer of agricultural land should be taxable</td>
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<td>FBT is a welcome step to cover collective perks.</td>
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<td>FBT should be applicable only in case of corporate assessees.</td>
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<td>Basic exemption limit for levy of FBT should be introduced.</td>
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<td>Income tax staff is available in the office.</td>
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<td>Income tax manpower is overburdened.</td>
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<td>Income Tax Administration is very efficient.</td>
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<td>Assessing officers are well aware of income tax rules.</td>
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<td>Income Tax Administration is taxpayer friendly.</td>
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<td>Assessing officers have non discriminatory attitude toward taxpayers.</td>
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<td>People perceive tax officers as tax enforcers and not as tax facilitator</td>
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<td>There must be provision for fixing accountability of income tax authorities if they act in a partisan manner while dealing with taxpayers.</td>
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<td>Delay in refunds causes more interest burden and creates dissatisfaction among the taxpayers.</td>
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<td>Refund banker scheme will be helpful to pay refunds in time.</td>
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<td>Refundable tax paid by the assessees should be carried forward and be adjusted in the tax liability of future years.</td>
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<td>Individual responsibility and accountability of Assessing Officer should be fixed in case of delay in refund.</td>
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<td>Ombudsman institution has been useful to redress taxpayer grievances.</td>
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<tr>
<td>The institution of Ombudsman should be set up in state capitals also.</td>
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<td>Feedback from regular taxpayers should be taken for Tax Department’s services.</td>
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<tr>
<td>Income tax is a tax on efficiency.</td>
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<tr>
<td>Tax rates for domestic companies and foreign companies should be same.</td>
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<td>Disclosure requirements under the Income Tax Act and Companies Act should be synchronized.</td>
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<tr>
<td>Tax return preparer scheme is very useful for small taxpayers.</td>
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</table>
- Website of income tax department is updated regularly.
- Income tax law and procedure has been simplified over the period.
- Income Tax provisions are titled to benefit the rich and super rich class.
- People should be educated and motivated for voluntarily tax compliance.
- Income tax department should be vigilant to catch a few number of super rich tax evaders instead of chasing small technical defaulters.
- Some authority should be set up for resolving the doubts of taxpayers in relation to application of provisions of tax laws.

### 15. Kindly suggest reasonable income tax rates for different assesses.

<table>
<thead>
<tr>
<th>Category</th>
<th>Suggested Rates</th>
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<tbody>
<tr>
<td>Individuals/HUFs</td>
<td>________________</td>
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<td>AOPs/ BOIs</td>
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<td>Firms</td>
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<tr>
<td>Companies</td>
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### 16. Kindly suggest reasonable exemption limit for Individuals/HUFs/AOPs/BOIs

______________________________________________________________
______________________________________________________________
______________________________________________________________

### 17. Please specify the provisions (Sections) of Income Tax Act, which you think are irrelevant or need immediate change.

______________________________________________________________

### 18. Kindly suggest some measures for further improvement of Indian Income Tax System.

______________________________________________________________
______________________________________________________________

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