Income taxation, of late, is much in the air. It is a matter of general interest, specific concern and contradictory attitudes. For Government it is a major source of revenue and for taxpayers it is an unwelcome item of expenditure. Taxpayers in general are interested in it since it represents a major tax liability for them. Thus, Income-tax exerts an all pervading impact on the society.

Changes in the Income taxation since its inception in the year 1860 to date have thrown many challenges to the researchers in the form of analysing its impact for providing conceptual base to the policy makers. The present research is a modest attempt to respond to the aforesaid challenges. Here is an endeavour to study and analyze Income taxation in its various perspectives since its inception to date.

Introduced as the emergency fiscal measure to mitigate the financial emergency attendant with the first war of Indian independence in 1858, Income taxation now assumes a paramount position in India's fiscal frame-work. Right from its introduction to date its fiscal itinerary throughout the years has been no less than romantic. Story of its failures and successes reads like a fiction. At least in the present context there remains an all out disgruntlement about taxation of income. Reasons are not far to seek. Income tax Law has come to be notorious for complications of its contents and cumbersomeness of its procedures. An x-ray analysis therefore, of this important fiscal weapon but becomes a patent and crying need of the hour. Here lies the raison d'etre of the present research project. The whys and the hows of the present mess of things pertaining to taxation of income constitutes the principal motivation of undertaking the present research. This warrants delving deeper into the phenomenon.

The constituents of the Income tax system include the Government i.e. the authority that levies the tax, tax payers i.e. public on whom the tax is levied and the machinery i.e. Income tax administration that works for assessment and collection of the tax. At the back of all this lies the philosophy of the Government that guides the policy for levy and deployment of tax revenue. At the present juncture no Government can function in isolation i.e. independent of international interaction. All these aspects, the present study, terms as dimensions of Income taxation. With this approach in view and with the realisation that there exists a strong link between the past, the present and the future, the study begins with a detailed analysis of conceptual development in the domain of Public Finance in general and Income taxation in
particular and attempts to find out its seeds in the history of Income taxation in India. The dimensions referred to above viz. Assessee Dimension, Administrative Dimension, Government Policy Dimension, Comity of Nations Dimension and Revenue Dimension have been analyzed in details. Each Dimension has been treated separately in distinct chapters uncovering the philosophical base over the years. With the help of SWOT ANALYSIS and other relevant techniques strength and weaknesses of working of the Income tax system in India has been analyzed, evaluated and in the light of strength and weaknesses so identified suggestions for reforms have been given in the concluding chapter of this report.

Having introduced to the contents of the report now a word about its contribution. As has been made clear in the second chapter of this report which, in addition to research methodology presents a survey of research done in this field, the researchers conducted so far deal with a few facets of income taxation. A comprehensive treatment is lacking. This research is a step in bridging this gap. This necessitated consolidation of relevant material pertaining to origin, development and working of income tax system in India. This itself can be considered as a major contribution since no attempt of this nature has been made so far. Approaches to the study of Income Taxation discussed in the second chapter of this report also amounts to significant contribution. SWOT analysis of tax administration and implications of double taxation agreements contribute to the existing studies in this field. An exhaustive treatment while presenting the case for total integration of agricultural income including the schemata for its implementation, innovative measures like A.A.O. for toning up the efficiency of the tax administration represent another area of contribution. The need for new economic code and the lines on which the scheme be based may be regarded as addition to the income taxation thought. In sum, philosophical alternatives, approaches to the study legislative changes and reforms in the tax administration including judiciary may be stated as major contribution of the study.

The period under observation saw two distinct approaches one under the British regime with the dominance of maintenance objectives and the other in free India motivated with the concept of revenue generation for welfare of the people. Changes in the legislation and through that tax procedure, tax administration, taxable limits, rates of taxation, exemptions and incentives and the tax judiciary reflect clearly the two different approaches stated above. The objective of maximum welfare of maximum people still remains to be a dream unfulfilled. Therefore the search for alternatives to generate more revenue and in more efficient manner continues today and shall continue in future also. Appointment of various expert panels in the past and the recent Tax Reform
Committee headed by Prof. R.J. Chelliah clearly shows the need as well as zeal on the part of the Government to search a suitable alternative. Fully aware of the limitations of the researchers undertaken by individuals, the present research, though cannot claim, to have come out with a solution ready for implementation by the Government, it certainly feels confident in presenting viable reforms making tax system more responsive to the public needs. Challenging as the field is, Income taxation in India beckons the researchers of the present generation to fathom the intensity of the problems. Some such areas have been indicated at the end and the researcher shall feel amply rewarded if policy makers find clues in the present research and researchers feel enthused to go in for research in the field of Income taxation.

AMRAVATI,
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