CHAPTER VII

RECOMMENDATIONS AND SUGGESTIONS
Recommendations and Suggestions

On the basis of research study the researcher offered the suggestions which are relates to make the Indian Income tax system simpler and revenue growth oriented. To bring the economic growth in Indian with proper justice and to overcome the administrative problems in the Indian Administrative Income Tax system with regards to the revenue collection from the scrutiny assessment as well as pending cases of scrutiny assessment. The following majors are suggested by the researcher for its improvements.

The suggestions are properly offered on the basis of facts finding of the research study as well as the overall improvement of the Indian Income Tax system, regarding administrative system and to reduce the complexities of the Indian Income Tax system.

1. The minimum threshold limit of Income tax could be reduce to Rs.150,000/- and parallel the minimum Income Tax rate also to be reduced to 5%, so that more number of assessee will introduce under the income tax system so that there could be major source of direct revenue from large number of assessee.

2. Agriculture Income could be more particularly bifurcated in commercial crops income and non commercials crop income. The farmer having pure commercial crop income could be charged as regular normal income after allowing all incidental expenses for earning such income.

3. The Income Tax department had created their vision and mission statement but for encouraging this vision and mission of Income tax departments, it needs strengthen the accountability of the income tax department.

4. The administrative department of Income Tax mostly performs their duties with regards to non revenue functions, for streamline the tax assessment procedure there must be co-ordination for encouragement of assessee for regular Income tax return filing and avoiding tax evasions and the tax concealments.

5. As per the experts the opinions of the professionals by Chartered Accountants, Cost Accountants, Advocates Professional tax Consultants and the appropriate tax authorities indicates that there is a wide scope for inclusions of new
assessee for increasing the direct tax revenue. Due to this alternative ways and means there could be defiantly increase in the direct tax revenue by way of Compulsory Income Tax Registrations to all professionals, self employed persons and the individuals are working in unorganized sector.

6. To reorganization of all Indian Income Tax administrative structure and coordinate with proper form of Central Income Tax structure body with the State Tax Body.

7. To reduce the complexity in the Indian Income Tax, the minimum income tax system to be adopted. On the basis of bank transactions and the turnover the business minimum percentage of Income Tax could be applied and accordingly minimum Income tax to be paid by register income tax assessee.

8. Renewal of business licenses, shop act license make it compulsory to produce the income tax return submission documents with minimum tax paid receipt by the assessee.

9. To accelerate the tax recovery such as pending tax dues, outstanding demands, outstanding income tax on search, and regular dues on assessment and re assessment the separate “Tax Recovery Administration Authority” could be set up by the central Government without disturbing to the present administrative set up and appoint the separate tax recovery force for the better management of tax recovery. It will surely help out for the fast recovery of arrears so that there would be proper way to the Central Government to increase the funds in treasury.

10. Presently there are no considerable deductions available from income from salary. The available deductions from salary are very inadequate or very less as travelling allowance available only. On the basis of standard deductions applicable to Income from House Property, similar type of standard deductions could be allowed.

11. Presently the average rate of income tax is on higher side as compare to the other developing countries it could be reduce to 5% for basic slab. It will increase the number of assesses and could enhance the revenue to the Central Government.

12. There is high volume of backlog in tax appeal case, due to this backlog the revenue of department also blocked. It needs to high strengthen administrative
procedure to clear this entire backlog cases so that blocked outstanding revenue could be realized properly.

13. Regular banking transaction income tax could be introduce @ 0.25% as basic source of turnover of assessee due to this system all bank account holders will comes under the bracket of income tax system and enhance the source in the government treasury. For controlling the financial transaction there could be proper coordination with banking system. The internal transaction reports will suffice this purpose to the Income tax department.

14. Salaries/Remuneration/Incentives to Member of Legislative Assembly, Member of Legislative Council, Member of Parliament to be considered as source of Income and could be taxed accordingly.

15. Deduction under chapter VIA is very limited, it could be increased to Rs 250,000/- it will affect very high in the investment and savings of assessee.

16. To conduct the various scrutiny assessment awareness programme regularly by the Income Tax department. It will definitely work out for removal of fear of Income Tax department among the people.

17. To organize regular seminars to create awareness of Income tax systems among the people.

18. It is widely accepted that, due to poor tax administration, there is high value of tax evasions in India; therefore there could be the proper tax supervision administrative system for development of present administrative system of Income Tax in India.

19. Income Tax law and administration system could be made as simple as possible extend at present considerable volume of pending cases are in appeal due to interpretation of law. It leads complication in collection of revenue there for simple terms of revenues and deductions could be applied in the Income tax law.

20. Presently considerable volume of turnover done by people those who belong to the unorganized sector; these people are not filing the Income tax returns therefore more concentration could be given on this unorganized sector. It will surely increase the revenue in the treasury of Central Government.

21. It is strongly recommended that department should recruit the new Assessing Officers as well as the assistant staff for their officers.
22. The scope of presumptive taxation should be increased by including more industries.

23. The assessee should keenly adhere to all points mentioned in the notice when they present the case to the Assessing Officer.

24. Assessee should concisely present their subject matters at the time of assessment proceedings so as to avoid time consuming arguments.

25. Tax practitioners or Professionals should design a separate checklist through their forums to help in reduction of time period in the assessment proceedings.

26. The GP and NP norms of the respective industries should adopted by the assessee while finalization the Income statements at the of filing of income tax returns.

27. It is recommended that assesses should maintain all the required document for timely resolvance of scrutiny assessment in future.

28. At regular intervals there could be health checking camp to be organized in the Income Tax Department.

29. Arrange stress management activities such as Yoga, Meditations on regular interval basis to the all Income Tax Department staff.

30. Organize recreational programmes on regular interval basis with the family of Income tax Department staff.

31. Before the transfer of Assessing Officer from one place to another the pre intimation notices to be given to the assessing officers. Within that pre intimation period the assessing officer could arrange the family settlement properly.

Income tax Scrutiny assessment is continuous task of the Assessing Officer, the available resources with the Income tax department for completion of work load and assign duties, the assessing officers really are over burden and working under stressful situations in the Income Tax office. Therefore the further efforts should be made for additional research and constant monitoring of the progress for identifying the weaknesses and defects in the Income tax system.
7.1 Policy Implementation

On the basis of fact findings of the research the researcher had given recommendations and suggestions to the income tax appropriate authorities, that the new recruitments of assessing officers are needed on immediate basis. There is a need of simplification of Income Tax Act to reduce the conflict view with the income tax authority and the assessee while the interpretation of concept of the law.

7.2 Scope for Further Research

Income Tax is very wide area of research. The single study cannot cover all the different type of dimension of the law. The researcher studied the critical analysis of scrutiny assessment of Individual assessee having income from business. In this research the detail analytical study done by the researcher on the scrutiny assessment procedure.

The area for the further research are still available in the Income Tax system that may be mainly the appeals and revisions of individual assessee having income from business, profession, study of scrutiny assessment of partnership firm, LLP, Private Limited Companies, Limited companies and Trust and Non Government Organizations. The further scope are also available in the research area with regards to procedures and provisions of search and seizures of the Income Tax Act 1961 to the research scholars.