Chapter Eight:- Findings and Recommendations

The study reveals the following major findings and recommendations

**Theoretical Findings:-**

1- Taxes revenue is the backbone of public revenue in the Indian government, because taxes revenue represents first source in Indian government and taxes revenue represents the highest proportion of all types of government revenues. The proportion of tax revenue from total general revenues during the study period from 2005-2006 to 2009-2010 was as follows. In the year 2005-2006 ratio of taxes revenue from total public revenue was 85.54% , in the year 2006-2007 the ratio of taxes revenue from total public revenue was 85.54, in the year 2007-2008 the ratio of taxes revenue from total public revenue was 87.01% , in the year 2008-2009 the Ratio was 83.28% and in the year 2009-2010 it was 84.20%.

2- Taxes revenue in India depends highly on indirect taxes, because indirect tax revenue represents more than 50% of the total tax revenue, while the direct tax revenue was represents less than 49% of total tax revenue in the duration of ten years from 2000-2001 to 2009-2010.

3- Tax revenue Growth rate was positive in the study period, from 2005-2006 to 2009-2010, for 5 years. In the year 2005-2006 -2000 the Taxes revenue growth rate was 19.93%, in the year 2006-2007 it was 29.81% , in the year 2007-2008 it was 25.49% , but in the year 2008-2009 Tax revenue growth rate decreased into 0.40% , and in the year 2009-2010 Tax revenue Growth rate was 3.18%.

4- The revenue from corporate taxes represents a majority in direct taxes revenue in Indian tax system. The ratio of tax revenue from corporate was 62% from total of direct taxes. Then tax revenue of income taxes. Its ratio was 38% from total of direct taxes, in a period of ten years of 1999-2000 to 2009-2010.

5- Revenue Growth rate from direct tax differed from year to year. The highest percentage was in the year 2006-2007, it was 40.27%, lowest taxes growth rate was in the year 2008-2009, and it was 4.60%.

6- Revenue from union excise represented majority from indirect taxes revenue in Indian tax system. Its ratio was 51% from total indirect taxes revenue, then revenue from customs,
ratio was 36% from total of indirect taxes, and service tax was lowest ratio. The ratio was 13% of total indirect taxes revenue for ten years.

7-Tax revenue in the Indian budget in the year from 2005/2006 to 2009/2010 was (amount in crores of rupees) 268941,351182,439547,443319 and 465103, and ratio of tax revenue to GDP were, 10.18%, 11.3%, 12.45%, 11.5% and 10.94, respectively. This ratio is weak if I am doing comparison to other countries like (Brazil the ratio of tax revenue to GDP was 38.8%, in U.K it was 39%, in Germany it was 40.6%, in France the ratio of tax revenue to GDP was 46.1%, in Belgium it was 46.8% and in Denmark it was 49.0%). In India ratio of tax revenue to GDP is very weak, that is either weakness of utilizing tax Capability or spread tax evasion or both.

8-The main characteristics of tax evasion are, taxpayer behavior is intentional and deliberate, tax evasion as stealing, free chosen and knowledge, tax evasion is a breach of the moral obligation to obey the law, taxpayer follows fraud method, and tax evasion is cheating.

9- There are three types of tax evasion according to this study, first type tax evasion according to the standard of size, this type divided into, Micro tax evasion or Macro tax evasion, Micro tax evasion means taxpayers do not pay tax due because they do not declare their income, Macro tax evasion, means taxpayers might follow one way from methods of tax evasion, like hiding some business subject to tax. Second kind of tax evasion is tax evasion according to the standard of region. This type is National tax evasion or International tax evasion. National tax evasion occurs inside the country. International tax evasion occurs when taxpayer has two or more citizenship. The third kind of tax evasion is according to the routes of the taxpayer. This kind of tax evasion divided into two model avoidance or tax evasion, Tax avoidance is as arrangement of the taxpayer’s affairs to reduce his tax liability. Tax evasion is the general term for evading the payment of taxes by illegal means.

10- Ways to commit tax evasion are numerous like, Underreport of taxable income, Maintaining multiple set of account books, fraudulent change in account books and keeping transaction out of account books., Opening and operating bank account under assumed names., Doing business in the name of dummies., Over-reporting expenses , Fragment income to reduce tax liability, Under- invoicing sales and other transfer pricing
Manipulation, Abuse of tax concession-exemption and deductions, Tax disputes and tax arrears, Hiding some assets or some income, Presenting false information, failing to declare assessable income, claiming input credits for goods and service tax which has not been paid, Misrepresentation of filing annual tax returns, Presenting false of annual return income tax, Misinterpretation of tax law, Using a false business name, address, Providing false invoices, Hiding money in accounts outside the country, and Tax evasion in excise duties.

11- Reasons for committing tax evasion are similar in all countries. The main reasons are, level of tax rates, social psychology of taxpayers, inequitable distribution of amenities, Nature of the economy, Complexity of Tax Laws, Corruption in Tax Administration, underground economy (black economy), Absence of spirit of civic responsibility, instability of tax legislation and the multiplicity of amendments, weakness of tax evasion penalties, Economic situation of the State, political corruption, overstatement and abuse of concessions, double taxation and Taxpayer Education.

12- Tax evasion exists in all kinds of taxes, in direct tax, in indirect tax as well. For every form of taxation, there is a method for tax evasion. Tax evasion in income tax like officially registered and unregistered income, presenting false information and presenting true facts selectively, so as to leave a misleading impression that underestimates actual tax liability, Tax evasion in excise duties like, Underreport of production, undervaluation, Misclassification of goods, Misuse of exemptions, Evasion of customs duties like Undervaluation, Mis-declaration of goods, Changing the product description, Smuggling is importation or exportation of foreign products through unauthorized route, Evasion of value added tax (VAT) and sales taxes, avoid paying taxes by under-reporting the amount of sales.

13- Techniques of committing tax evasion in businesses and professions are many like, Tax evasion in the accounting records. This kind of tax evasion is divided into, Recorded systems in the accounting books, Manipulation by the accounting postulated and the accounting principles, Non-Existing documents for supporting journal entries, Existence of all types of conditions in documents whether of formalities or of objectivity. Second method of tax evasion is in the documents. This kind of tax evasion is divided into, manipulation in the purchase documents, manipulation in the sales documents. Third manipulation is in cash sales, Manipulation in cash receipts of non-cash sales, evasion
in the expenditures documents, tax evasion in Items of revenue and trade account, tax evasion in Items of profit and loss account.

14- Tax evasion has bad consequences on the governments and societies as well. The consequences are financial impact. Tax evasion reduces tax collections that lead to reduce total revenue leak of funds. It may distort implementation of development plans and force the government to resort to deficient financing or to loans financing from abroad, Economic effects -Tax evasion results in the loss of revenue for the government, Shortfall in government revenues, in this case the government resort to either reducing public expenditures or to issuing new currency. Political consequences of tax evasion lead to an increase of the fiscal pressure, dissatisfaction regarding political party which will not be elected in the next election. Social effects of tax evasion lead to redistribution of income from the honest to dishonest. Tax evasion leads to breach of horizontal and vertical equity canon between of members of the society.

15- Some tax evasion may remain undiscovered because tax evasion including sometimes going beyond the books of accountings. It is like opening and operating bank account under assumed names and Doing business in the name of dummies. This is kind of tax evasion is difficult to discover because the power of tax audit is poor and weak, so tax audit can’t detected this ways of tax evasion.

16- Objectives of tax audit are compute the taxable income according to the income tax law, rules and regulations, ensure that the books of accounting and other records are properly maintained and claims for deduction are correctly made. To curb tax evasion committed by Assessees, to ensure the compliance and reliability of various income tax provisions, to encourage taxpayer for voluntary compliance with the law and regulation, to assist both the taxpayer and the tax gatherer to arrive at correct tax due.

17- An auditor cannot obtain absolute assurance of material misstatements in the detected financial statements. Because of such factors as the use of judgment, the use of testing, the inherent limitations of internal control and the fact that much of the audit evidence is available to the auditor. It is persuasive rather than conclusive in nature.

18- Unique characteristic in tax audit in India. No government anywhere in this world has placed so much trust and confidence in Public Accountants like the Indian Government has
placed on Chartered Accountants. Tax Audit by a Chartered Accountant is an Indian phenomenon and does not exist in any other country; tax audit in remaining countries depends upon tax department authorities.

19- Reasons why business and professions are subjected for tax audit:-

a- The high amount of cash used in their activities. Most business and professions receive a substantial part of their income and payments as cash, thereby creating an easy opportunity for under-reporting of this income or over-report of these payments.

b- Business and profession are placed at a great advantage to claim their personal expenses as business expenses, and a significant proportion of them actually abuse this privilege to lower their tax liability

c- Many businesses and professions maintain their books of accounting themselves, without having the necessary understanding of accounting and laws to do a perfect job.

20- The powers of statutory audit have been defined in the Indian Laws. Section 227 of the Companies Act, 1956 deals extensively with this topic, Subsection 1 of Section 227 of the Act, No such powers given to the auditor appointed under section 44AB. Therefore tax audit cannot detect some cases of tax evasion.

21- similarity and dissimilarity between audit and tax audit as following:- statutory audit is mandatory but tax audit is compulsory if Sales, Turnover is 60 lakh and gross receipts is 15 lakh, for business and professional, statutory audit objective to emphasis on fairness of accounts according to accounting standards ,while tax auditing objective to emphasis on correctness of net taxable income according to income tax Act provisions, differences in treatment of some expenditure, tax auditor submits his report to tax authority whereas statutory auditor submits his report to the owner firm.

There are some of Similarity between tax audit and statutory audit like both depend upon same group of accounting books, both have right to access to all accounting books and record, tax audit and statutory audit are same in the procedures of auditing.

22- Tax Evasion is a crime in all major countries and the guilty parties are subjected to imprisonment and fines. Tax evasion is a felony under the laws of almost every jurisdiction in the world because it is considered a threat to the government's ability to fund its own
operations. Tax evader can carry both civil and criminal penalties but in India not available this penalties.

23- Impact of tax audit in tax evasion depends on the types of tax evasion. There are three types of tax evasion.

The first: - Some expenses according to Accounting Standards recognized but according to Income tax Act, 1961, provisions don’t recognize. These expenses are either overstatements or probable expenses and charging in P&L a/c in this case these amount decreasing taxable Income but tax audit rejected this kind of expenditures by way prevailing Income tax Act provision when there is disagreement between Accounting standards issued by ICAI and income tax Act1961 provisions, like, according to AS-4 the contingent loss should be provided for on the basis of the nature of probability of occurrence and possibility of reasonable estimate. But Sec. 115JB, the provisions made for meeting unascertained liabilities are to be added back. According to AS-6 depreciation accounting according to this standard, Change in method of depreciation is allowed but according to I.T not allowed and proportion of depreciation is limited and fixed in income tax law and in corporate law. According to AS-13-accounting for investment, there is a provision to recognize a decline in the value of investment, but under the Income-tax Act, there is no provision to recognize a decline in the value of investment. AS-15 employment benefits, treats items as revenue expenditure, but according to Income-tax Act, 1961, as per section 43B of the Income-tax Act, deduction is allowable only on the basis of actual payment. The accrual basis of accounting is prescribed under this accounting standard-15 for accounting of retirement benefits like provident fund and gratuity. However, as per section 43B of the Income-tax Act, deduction is allowable only on the basis of actual payment. Under section 40A(2), Where the assessee incurs any expenditure in respect of which a payment has been or is to be made to a relative or associate concern, that much of the expenditure is considered to be excessive or unreasonable and shall be disallowed by the assessing officer. Impairment provision under AS-28 is not recognized in income tax Act, 1961 and should be added back to profit and loss account for taxable. Provision for contingent liabilities under AS-29 are not recognized and not are allowed as deduction under Income-tax Act, 1961

The Second:- This kind of tax evasion is simple and not complex, like manipulation in accounting principles, non-availability some of the documents to be attached with journal entries, manipulation in case of cash sales and evasion in the documents of some
All these kinds of tax evasion need practice of Professional Skepticism, Professional Skills of tax auditor and his team.

The third:- This type of tax evasion is very complex to discover because this tax evasion including going beyond the books of accountings and may involve sophisticated and carefully organized schemes designed such as forgery, deliberate failure to record transactions, or intentional misrepresentations being made to the auditor or opening bank account by nickname or fictitious name.

24- Limitation of tax audit:- owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements will not be detected, even though the audit is properly and performed in accordance with Indian accounting standards, and auditing standards because there are limitations in tax audit such as:-

1-The risk of not detecting a material misstatement resulting from tax evasion because tax evasion may involve sophisticated and carefully organized schemes designed to conceal it, such as forgery, deliberate failure to record transactions, or intentional misrepresentations being made to the auditor.

2-Furthermore, the risk of the auditor not detecting a material misstatement resulting from management tax evasion is greater than for employee tax evasion, because management is frequently in a position to directly or indirectly manipulate accounting records and present fraudulent financial information.

25- Implications of accounting standards issued by ICAI in tax audit u/s 44 AB, Income tax Act, 1961, there are four areas.

The first area: - There are two accounting standards issued by ICAI which are corresponding with income tax accounting standards issued by the central government.

1- AS (IT)-1 in conformity with AS-1(disclosure of accounting policies) issued by ICAI.

2- AS(IT) -2 prior period and extraordinary items and changes in accounting policies in conformity with AS -5(net profit or loss for the period, prior period items and change in accounting policies) issued by ICAI.

The second areas: - In this area, both (AS issued by ICAI and I.T.A provisions) have some of the convergence, they are AS-9-Revenue Recognition, AS-12 Accounting for
Government Grants, AS-16 Accounting for Borrowing Costs, AS-19 Leases and AS-26 Intangible Assets.

**The third areas:** - In this area the two (ASs issued by ICAI and I.T.A provisions) deal with subjects which do not directly affect each other because some of the accounting standards are not recognized under income tax Act 1961. They are AS-3 Cash Flow Statement, AS-17 Segmental Reporting, AS-20 Earnings Per Share, AS-21 Consolidated Financial Statements, AS-22 Accounting for Taxes on Income, AS-23 Accounting for Investments in Associates in Consolidated Financial Statements, AS-24 Discontinuing Operations, AS-25 Interim Financial Reporting, AS-27 Financial Reporting of Interests in Joint Ventures,

**fourth area:** - In this area the two affect certain common subjects but one sees divergent approaches between them (AS issued by ICAI and I.T.A provisions), they are AS-2 Valuation of Inventories, AS-4 Contingencies and Events Occurring after Balance Sheet Date, AS-6 Depreciation Accounting, AS-7 Accounting for Construction Contracts, AS-10 Accounting for Fixed Assets, AS-11 The Effects of Changes in Foreign Exchange Rates, AS-13 Accounting for Investments, AS-14 Accounting for Amalgamations, AS-15 Employee Benefits, AS-18, Related Party Disclosures AS-19 Leases, AS-26 Intangible Assets, AS-28 Impairment of Assets, AS-29 Provisions, Contingent Liabilities & Contingent Assets.

26- Income tax Act, 1961 does not recognize Concept of prudence and conservatism. Therefore, most of divergence between Income tax Act,1961 provision and some Accounting standards issued by ICAI result apply this concept. Like provisions made for meeting unascertained liabilities according to AS-4, but according to 115JB this provision should be added back. According to permits revaluation of assets AS-10 is recognized but Tax Act, 1961 does not recognize this revaluation. Accounting for investment AS-13 provision should be made to recognize a decline other than temporary in the value of long-term investment but under the Income-tax Act, there is no provision to recognize a decline in the value of such investment. Accounting for retirement benefits AS-15 but according to Income-tax Act, 1961, as per section 43B of the Income-tax Act, deduction is allowable only on the basis of actual payment
Analytical findings:-

1- Tax evasion has spread in all countries of the world without exception, according to survey. Overwhelming majority of respondents 98.2% from both the groups (C.A and professors) agreed with the statement that “tax evasion exists everywhere in the world”, But 1.8% of them disagree this statement. **It concludes that, tax evasion spread in all the countries of the world without exception.**

2- India suffers from tax evasion. According to survey analysis result, 97.10% of respondents (C.A and professors) agreed with statement that, “tax evasion is rampant in India”, only 2.90% of respondents selected the option “No”, so they disagreed the statement that “tax evasion is rampant in India”. **According to this result, the researcher concludes that tax evasion is rampant in India.**

3- 51.9 % of respondents agreed that “tax evasion in India is” “high”, but 25.5% of respondents agreed that, tax evasion In India is “very high”, 18.1% of respondents selected the option “medium” and 4.5% of participants selected the option “low”. **From these findings, it is absolutely clear that tax evasion in India is high.**

4- 53.7% of participants in survey agree that, tax evasion rate from income tax reaches to “40%-50%”, but 24% of respondents agree that tax evasion reaches up to “50%-60%”, then 17% of participants agree that tax evasion reaches to “30%-40%”, and 5.2% of sample study agree that, tax evasion rate from income tax reaches to “20%-30%”, the researcher conclude that, tax evasion rate in income tax reach to “40%-50%”

5- 96.4% of respondents of sample study have selected option “Yes” the ratio of tax to GDP is not enough for development of Indian society but 3.6% of respondents have selected option “No”. **That means ratio of taxes to GDP is not enough for development Indian society**

6- 32% of respondents recognized that, level of tax awareness among the people in India is “very low”, 33.3% of participants agree that the level of tax awareness is “low”, 21.30% of sample agree that, the level of tax awareness is “medium”, 12.5% of respondents agree that, tax awareness amongst Indian people is “high”, and last 0.9% of respondents agree that, tax
awareness is “very high”. The researcher concluded that, tax awareness among the people in India is low.

7- High level of tax rate is one reason of tax evasion in India. According to data analysis more than 50% of the respondents have chosen the option “Agree”, and 40.4% of them have selected option “Strongly Agree” and 3.9% of sample study have chosen option “undecided”, 3.2% of participants have selected option disagree and 1.8% of them have selected option strongly “disagree”. So most of the respondents agree that, **High level of tax rate is main reason for tax evasion in India**

8- Social psychology for taxpayers is one reason for tax evasion, according to data analysis in the Chapter Seven the researcher found that, 53.97% of respondents were with the option “Strongly Agree” and 39.46% of them have selected option “agree”, minority of respondents have chosen option “undecided”, the ratio was 3.17% and very few agree with the option “disagree their” percentage was 3.40%. The researcher concluded that, overwhelming majority of respondents with the statement that, social psychology for taxpayers is one reason for tax evasion

9- Complexity of tax system is one of the reasons for tax evasion. After returning to data analysis in the Chapter Seven it is found that about 45.10% of respondents have selected option i.e “Strongly Agree” that “Complexity of tax system is one of the reasons for tax evasion” 44.90% of them have selected the option “agree”. Minority of respondents 6.6% have chosen the option “undecided”, 2.70%, of respondents have chosen the option i.e. “Disagree” and only 0.7% of respondents have selected the option “strongly disagree”. That means the complexity of tax system is one reason for tax evasion.

10- Inadequacy of the penalties against the evader of taxes as well as the penalties against the phenomenon of tax evasion is one real reason for tax evasion, so overwhelming majority of the respondents agreed with statement that, “the penalties against tax evasion and against tax evader are very low”, 47.80% of respondents have chosen the option i.e. “Strongly Agree”, 41.50% of them have selected the option “agree”, 4.8% of respondents have chose the option i.e “undecided”, 4.3% of respondents have chose the option i.e “disagree” and 1.6% of respondents have selected the option i.e strongly disagree The researcher concludes that, **the penalties against tax evasion and against evader from taxes are very**
low and it is not enough for a deterrent to the taxpayer to shun tax evasion again and again.

11- Lack of tax awareness among people in Indian society is a major cause of the phenomenon of tax evasion, therefore about 49.7% of respondents chose “Strongly Agree” that “Lack of tax awareness among the taxpayers” and 43.50% of them chose the option “agree”, minority of respondents have chosen the option “undecided” percentage was 3.40% and very few chose the option “disagree.” The percentage was 2.90%, and 0.5% of respondents selected “strongly disagree” From this analysis the researcher concluded that most of the respondents support that lack of tax awareness among people in India society is main reason of tax evasion.

12- The Absence of spirit of civic responsibility is one of reasons of tax evasion, highest percentage of respondents are agree with the option “strongly agree” the ratio is 48.80%, that “Absence of the spirit of civic responsibility is one real reason of tax evasion” then the option “agree” is at second rank, the ratio is 43.30%, 4.5% of participants in the survey selected the option “undecided”, 2.9% of sample study selected the option “disagree” and 0.5 of them have chosen “strongly disagree”, so that means Absence of spirit of civic responsibility indeed one cause of tax evasion.

13- Going back to data analysis in the Chapter Seven, the researcher got these findings. Majority of both the groups of respondents agreed to the statement that “Corruption in Tax authorities is one of the main reasons of tax evasion” and they have selected the option “strongly agree” which was at the first rank with percentage of 51.70% ,then the option “agree” which was at second rank with percentage 42.18%, 3.40% of sample study have selected option i.e “undecided”, 2.04% of sample have chosen the option i.e "disagree" and the option i.e “strongly disagree” was the last option 0.68% of sample study have selected it. The researcher concluded that, Corruption in Tax authority is one of the main reasons of tax evasion

14- Tax auditing leads to reduction of tax evasion in businesses and professions only, but tax audit could not eliminate all kinds of tax evasion, because of some obstacles, like some of the tax evasion including sometimes going beyond the books of accounting and some tax evasion ways are very hard to detect also rights of tax auditor are very weak. So when
the researcher went back to the respondents' answers, he found the following result: Firstly 41.2% of respondents supported the option that tax auditing leads to “reduce only tax evasion”. Secondly tax auditing “doesn’t detect tax evasion” percentage was 19.5%. Thirdly “I don’t know” the percentage of which was 18.6%. Next option was tax auditing is “very weak for detecting tax evasion” and the percentage of it was 17.5%. But the last option was tax auditing is” eliminates all kinds of tax evasion” and the percentage was 3.2%. So the researcher concluded that tax auditing leads to reduce tax evasion in business and professions.

15- The main and lofty goal for tax auditing is curbing tax evasion committed by taxpayers in the businesses and professions area. According to survey study, approximately 49.21% of the respondents have chose option “strongly agree” that “discovery of tax evasion is main objective for tax audit”, 20.63% of them have chose the option “agree” . 19.05 % of them selected the option “undecided”, 6.58% of respondents selected the option “disagree”, and 4.5% of the survey study have selected the option “strongly disagree”. The researcher concluded that, main objective of tax auditing is to detect tax evasion.

16- Tax auditing up to some extent accomplishes the objective of detecting tax evasion, especially when divergence between Income Tax Act 1961 provisions and accounting standards.. According to the answers from the sample study, it is clear that 65.08% of respondents have provided the option “up to some extent” and 19.73% of them have selected option “Yes”. The Option “No” got 15.20 % from respondents. Therefore, tax audit up to some extent detected tax evasion.

17- Tax audit has a positive impact in the fighting against tax evasion, when divergence between Income tax provisions and accounting standards is high. After going back to answers of sample study, the researcher found that, they have selected “strongly agree”, that “Tax audit u/s 44 AB has positive impact on tax evasion” “undecided”, “agree”, “disagree” and “strongly disagree”. The percentage was 68%, 13.8%, and 13.6%, 2.7% and 1.85% respectively. The researcher concluded that, tax audit has positive impact to detected tax evasion in business and professions area.

18- 34% of respondents agree that the main goal of tax audit is “Reduce tax evasion” and 28.30% of them have chosen the option “increase tax revenue», 20.60% of them have
selected the option “I don’t know” while 13.6 of respondents have selected the option “compliance with income tax law” and 3.4% with “spread tax awareness” the researcher concluded that tax audit leads to reduce tax evasion, increase tax revenue, compliance with income tax law and spread tax awareness.

19- Tax audit has not absolute ability to detect all types of tax evasion in the area of business and professions so ability of tax auditing to detect tax evasion is limited and not absolute. According to survey the researcher found that, 95.2% of respondents have selected option “No” and 4.8% have chosen option “Yes” that means tax audit not detected all tax evasion types.

20- In complex and difficult cases of tax evasion, the auditor makes audit with an attitude of professional skepticism and professional care to recognize tax evasion ways in business and professions.

21- Professional Skepticism, Professional care of tax auditor is the main factors to discover tax evasion. According to chosen sample study for they selected options by the arrangement “strongly agree”, “agree”, “undecided”, “disagree” and “strongly disagree”, the percentage was 72.1%, 23.1%, 2.7%, 1.8%, and 0.2% respectively that “professional skepticism and professional care of tax auditor”. The researcher has concluded that, Professional Skepticism, Professional care and competent skill from tax auditor are the main factors to discover tax evasion.

22- Audit being governed by compliance with income tax act1962, provision when tax audit carried out tax auditing. According to the survey analysis, 46% of respondents have selected the option “agree” that “Audit being governed by compliance with income tax act1962, provision” about 39.2% of the participants in survey have chosen the option “strongly agree”, 12.30% of them have selected the option “undecided”, 1.4% of them have selected the option “disagree” and 1.1% of participants have selected the option “strongly disagree”. The researcher concluded that income tax act1962, provision are very important factor when tax auditors carry out tax auditing.

23- Most of the respondents 67.57% have selected the option “strongly agree” that “tax audit search means to help to detection tax evasion”, 25.40% of them have chosen the option “agree”, 5.44% of them have selected the option “undecided”, 0.5% of them have selected
the option “disagree” and 1.09% of sample study have selected the option “strongly disagree” That means overwhelming majority of respondents have supported that, Application means help to detect tax evasion, it is important factor to detect tax evasion.

24- About 47.6% of respondents selected the option “strongly agree” that “Improvement and development of the skills of tax audit team ” and 45.4% of respondents selected the option “agree”, 3.6% of respondents selected “undecided” .2% of them chosen option “disagree” and 1.4% of respondents selected option “strongly disagree.” That means they are almost unanimous in agreeing with the statement that, Improvement and development skills of tax audit team is main factor to help tax audit to prohibit tax evasion in business and professions

25-Frank discussion with taxpayers about tax evasion is not an active tool and this method is non-feasible. About 35% of respondents have chosen option “undecided” “Frank discussion with the taxpayer as a tool for deducted tax evasion” and 23.40% of respondents have selected option “agree” ,21.50% of participants have selected option “ strongly agree” , 13.8% of them have selected option “disagree” and 5.7% of participants have selected option “ strongly disagree”. Therefore this tool to reduce tax evasion is not active.

26- Tax audit is able to detect tax evasion by means of alteration of accounting records For example; deliberate error in the accounting records in order to make tax evasion can be detected. It is found that 54.65% of participants in the survey have selected the option “strongly agree” , 32.4% of them have chosen the option i.e “agree” , 4.8% of respondents have selected the option i.e “undecided”, 2.7 of sample have chosen the option i.e “disagree” and 1.8% of them have selected the option i.e “ strongly disagree”. That means, tax auditing can detect tax evasion by the accounting records.

27- Tax auditing can detect tax evasion due to manipulation in accounting policies. The survey has indicated that, 46% of participants have chosen the option “Agree”, that “tax audit helps to discover tax evasion intentional misapplication of accounting principles”, 38.1% of them have selected the option “strongly Agree”, 11.3% of participants have selected the option “undecided”, 2.9% of survey have chosen the option “disagree” and 0.7% of them
have selected the option “strongly disagree”. That means majority of participants agreed to the statement that, tax auditing can detect tax evasion due to manipulation in accounting policies

28- Tax audit is able to detect Tax evasion by means of hiding the documents supporting the business deals. According to the study survey the result was as follows. While 35.10% of respondents have selected the option “undecided” but 30.8% of participants have selected the option “agree” and 18.8% of respondents have selected the option “strongly agree”, 18.8% of participants selected the option “strongly agree”, 13.6% of them have selected the option “strongly disagree”. The researcher concludes that, Tax audit is able to detect Tax evasion by hiding the documents supporting the business deals.

29- Tax audit up to some extent can discover tax evasion by way of manipulation in sales receipts and bills. Through the answers of respondents, the researcher found that, there is a convergence between the proportions of the options for this type of tax evasion. The researcher have found that, about 29 % of respondents have selected the option “agree” that “tax audit helps to detected T. E by way of manipulation in sales receipts and bills”, 27.20% of participant in survey have chosen the option “undecided”, 20.20% from participants have selected the option “strongly agree”, 18.8% of them have selected the option “disagree” and 3.9% of them have selected the option “strongly disagree”. That means Tax audit up to some extent can discover tax evasion by way manipulation sales receipts and bills.

30- Tax audit can discover tax evasion by tax evasion by scratch in vouchers, receipts and bills. According to survey analysis it is found that, 34.50% of respondents have selected option “agree” that “ tax audit helps to detect tax evasion by scratch in vouchers, receipts and bills”, 25.50% of them selected the option “strongly agree”, 22.40% of participants in survey have selected the option “undecided”, 13.2% of them selected “undecided” and 3.4%. The researcher concluded that, Tax audit can discover tax evasion by way of by scratch in vouchers, receipts and bills

31- Tax audit can detect tax evasion by way of double entries for some expenditure. According to survey analysis clear that, overwhelming majority of respondents from both the groups agree with the statement that, tax auditing can detect tax evasion by way of
double entries for some expenditures. \(48.80\%\) of participants from survey study have selected “\textit{strongly agree}”, \(41.3\%\) of participants in survey selected “\textit{agree}”, \(6.3\%\) of them have chosen the option “\textit{undecided}”, \(2.9\%\) of respondents have selected option “\textit{disagree}” and \(0.7\%\) of them chose the option “\textit{strongly disagree}”. The researcher concluded that, Tax audit can detect tax evasion by way of double entries for some expenditures.

32- Tax audit cannot detect tax evasion in case of non-registration of commercial transactions in accounting books and records. According to survey analysis, most of the participants have selected the option “\textit{disagree}” and the ratio was \(31.30\%\) of participants. Further \(25.40\%\) from respondents have chosen the option “\textit{undecided}”, \(16.80\%\) of them have selected the option “\textit{agree}”, \(16.30\%\) of the participants have selected the option “\textit{strongly disagree}” and \(10.2\%\) of respondents have selected the option “\textit{strongly agree}”. The researcher concludes that, tax audit cannot discover tax evasion by not recording some deals.

33- Tax audit can find out tax evasions by way of amalgamate business deals are exempt from tax, and business deals are not exempt from tax. according to analysis of survey found that, \(39.70\%\) of participants have selected the option “\textit{strongly agree}”, \(32.20\%\) of respondents have chose the option “\textit{agree}”, \(\textit{17}\%\) of them have selected the option “\textit{undecided}”, \(7.3\%\) of respondents selected the option “\textit{disagree}” and \(3.9\%\) of them selected the option “\textit{strongly disagree}”. The researcher found that ,Tax audit can find Tax evasions by way of amalgamate business deals are exempt from tax, and business deals are not exempt from tax

34- Tax audit can discover tax evasion by increasing sales which are exempt from tax. From analysis of survey questionnaire it is clear that , \(42.18\%\) of respondents selected the option “\textit{agree}” that, tax audit can discover tax evasion by increasing sales which are exempt from tax, \(33.11\%\) of them have selected the option “\textit{strongly agree}” \(14.51\%\) of them have selected the option “\textit{undecided}” , \(7.71\%\) of participants selected the option “\textit{disagree}” and \(2.4\%\) of them have selected the option “\textit{strongly disagree}”. It is clear that tax audit can discover tax evasions by increasing sales are exempt from tax.

35- Tax audit plays very good role to detect tax evasion by hiding payments from customers. From the analysis of survey the researcher found that, \(35.4\%\) of participants have selected
the option “agree”, 31.7% of respondents have chosen the option “**strongly agree**”, 17.90% of them have selected the option “**undecided**”, 12.5% have selected the option “disagree”. The researcher concluded tax audit plays very good role to detect tax evasion by hiding payments from customers.

36- Tax audit can detect tax evasion by hiding profit from sale of assets. 37% of respondents agree with the option “agree”, 33.10% of them have selected the option “**strongly agree**”, 16.10% of them have chosen the option “**undecided**”, 9.50% of them have selected the option “**disagree**” and 3.40% have selected the option “**strongly agree**”. We conclude that Tax audit can detect tax evasion by hiding profit from sale of assets.

37- Tax audit can discover Tax evasion by way of computation of depreciation for non-usage of fixed asset. From the analysis of survey the researcher conclude that, about 32% of participants have selected the option “**strongly agree**”, 31.07% of respondents have chosen the option “**agree**”, 18.07% of them have selected the option “**undecided**”, 10% have selected “**disagree**” and 6.80% of them have selected the option “**strongly disagree**.” So the researcher found that, Tax audit can discover tax evasion by way computation of depreciation for non-usage of fixed asset.

38- According to survey analysis, 37% of respondents agree with option “**agree**” that, tax audit can detect tax evasion by way of hiding profit from sale of assets, 33.10% of them have selected the option “**strongly agree**”, 16.10% of them have chosen the option “**undecided**”, 9.50% of them have selected the option “**disagree**” and 3.40% have selected the option “**strongly agree**”. So The researcher concluded that, tax audit can detect tax evasion by way of hiding profit from sale of assets.

39- Tax audit could detect tax evasion by means of increasing allowances and reserves, 32.2% of respondents have chosen the option “**agree**”, 29.70% of them have selected the option “**strongly agree**”, 21.805% of participants have selected the option “**undecided**”, 13.4% of them chosen the option “**disagree**” and 2.9% of them have selected the option “**strongly disagree**”. The Researcher conclude that tax audit able to detect tax evasion by means of increasing allowances and reserves.

40- Tax audit cannot detect tax evasion by way of opening bank account by Nickname and fictitious name. According to survey analysis majority of respondents have selected option
“undecided”, the percentage was 42.40%, 30.8% of them have selected the option “disagree”, 13.85% of them have selected the option i.e “agree” but 7.7% of respondents have selected the option i.e “strongly agree” and 5.2 % of them have chosen the option “strongly agree”. That means tax audit able to detect tax evasion by opening bank account by nickname and fictitious name

41- There are four main players in tax audit; they are tax auditor, Income tax Act1961, accounting standards and tax officer. According to survey analysis, 33% of respondents have selected “tax auditor” as a first player, and 26% of participants have selected “income tax Act” as a second player, 22% of respondents have selected “accounting standards” as a third player, the last player is “tax officers”, 19% of participants have selected this option. The researcher concluded that, the main players in tax audit are tax auditor, Income tax Act1961, standards accounting and tax officer.

42- There are four main players to prohibit tax evasion .they are tax auditor, taxpayer, tax officer, Income tax Act1961. According to analysis of survey study, 34% of respondents have selected the option “tax auditor” as first player to prohibit tax evasion, 31% of participants in survey have chosen “taxpayers” as second player to prohibit tax evasion, third player is “tax officer” 18% of respondents have selected tax officer as third player to prohibit tax evasion, “Income tax Act1961” as fourth player for prohibit tax evasion and last player is “standards accounting” (2%).the researcher concluded that, they main players to prohibit tax evasion are tax auditor, taxpayers, tax officer and standards accounting.

43- Income tax Act is main responsible with collusion with tax evader, because penalties against him is weak. Going back to the analysis of questionnaire, the researcher found that, 51% of respondents have supported the option “income tax” as main responsible for collusion with tax evader, 22% of them have selected the option “tax officer ” and 19% of respondents have chosen “tax auditor” and 8% have selected “court”. So the researcher concludes that, Income tax Act doesn’t mentions strike penalty against tax evader, therefore Income tax Act is main responsible with collusion with tax evader then tax officer, tax auditor and court.
44- Tax audit is a part of an integrated policy for curbing tax evasion and tax audit is not enough for fighting all kinds of tax evasion. It is not remedy for all types of tax evasion as well. Go back to analysis of study survey, majority (57%) of participants in survey agree with the statement that “tax audit is a part of an integrated policy to reduce tax evasion”, then 40% respondents have selected the option that “tax audit is not enough for fighting all kinds of tax evasion” and 3% of respondents have selected the option that “tax audit is deemed remedy for all kinds of tax evasion”. So the researcher found that tax audit is not enough for fighting all kinds of tax evasion and it is a part of an integrated policy to reduce tax evasion.

45- Tax auditor’s responsibility for detect tax evasion is strong and it is important duties to him. Majority of participants (63%) have selected the option “very strong” that “the responsibility of the tax auditor in tax evasion”, 22.7% of respondents have chosen the option “strong” and 11.10% of respondents have selected the option “fear”, 1.4% of respondents have selected “weak” and 1.8% of respondents have selected option “very weak.” That means majority of the respondents from both the groups agree with the responsibility of tax auditor which is strong and important duties to him to detected tax evasion.

46- Responsibility of tax evasion is joint between three persons, first person is taxpayer, who commits tax evasion, second person is tax authority because, it doesn’t enact strong penalties against tax avoider and tax officer help tax evader and third person is tax auditor because he should do his best for detecting tax evasion in financial statements. According to analysis of survey of study result, we found that, 57% of respondents have selected “taxpayer” as the person to bear the responsibility tax evasion, then 29.50% of participants have selected “tax authority” as responsible for tax evasion, and 13.2% of participation have selected “tax auditor” as responsible for tax evasion. This means that there is joint responsibility of persons about tax evasion, taxpayers, tax authority and tax auditors.

47-In many provisions Indian income tax law does not recognize the expenses according to standards accounting, and in such cases provisions of law are prevalent on accounting standards. The researcher can conclude from this, that the Income Tax Act provisions lead to curb the phenomenon of tax evasion in simple cases, when there are exaggeration in some of the expenses in order to tax evade.
48- According to data analysis the researcher found that, **29.93%** of respondents have supported the option “disagree” that “Conversant by Income tax Act is success factor helps the tax auditor to detect tax evasion”, **22%** of them have selected the option “undecided”, **17.23%** of participants in survey have chosen the option “strongly agree”, **15.87%** of them have selected the option “agree” and **14.97%** of them have selected the option “strongly agree”. That means, income tax Act provisions is small success factors helps the tax auditor to detect tax evasion.

49- **37.90%** of participants have selected the option “strongly agree” that “professional skepticism and professional care of tax audit is very important factor to detect tax evasion”, **28.10%** of respondents have chosen the option “agree”, **17.30%** of them have selected the option “undecided”, **14.30%** of them have selected the option “disagree” and **2%** have selected the option “strongly disagree” the researcher found that majority of respondents have agreed that, professional skepticism and professional care of tax audit is very important factor in order to discover tax evasion when discharging tax audit.

50- **44%** of participants have selected the option “strongly agree” and **34.20%** of respondents of survey have chosen the option “agree”, **15.60 %** of them have selected the option “undecided”, and the option “disagree” got **9.10%** of respondents , **2.5 %** of respondents have selected “strongly disagree” the researcher concluded that majority of participants of survey agree with statement that, tax Auditor needs to develop an approach which is a synthesis of tax laws and accounting standards.

51- About **53.06%** of participants have selected the option “strongly agree” that “Tax auditor has the responsibility to obtain reasonable (not absolute) assurance whether the financial statements are free of tax evasion” and **34.69%** of respondents of survey have chosen the option “agree”, then **7.03 %** of them have selected the option “undecided”, **3.63%** of respondents have selected the option “disagree” and **1.59 %** of participants have selected the option “strongly disagree”. The researcher conclude that majority of participants of survey agree with statement that, Tax auditor has responsibility to obtain reasonable (not absolute) assurance whether the financial statements are free of tax evasion.
52- If the tax auditor has any doubt about any tax evasion case when discharging tax audit, he should use some method for examination this case if there is tax evasion, according to data analysis found that 60.5% of participants have selected the option “strongly agree” that “Tax auditor should use some method to detect tax evasion”. 28.6% of respondents of survey have chosen the option “agree”, 8.6% of them have selected the option “undecided”, 1.6% of respondents have selected the option “disagree” and 0.7% of participants have selected the option “strongly disagree”. The researcher found that majority of the participants of survey agree with statement that tax auditor should use some method to detect tax evasion.

53- About 45% of participants have selected the option “strongly agree” that “Tax auditor should not favor taxpayer when discharging tax audit”, 43.10% of respondents of survey have chosen the option “agree”, 8.6% of them have selected the option “undecided”, 2.3% of respondents have selected the option “disagree” and 0.5% of participants have selected the option “strongly disagree”. The researcher got this idea that majority of participants of survey agree with the statement that, Tax auditor should not favor taxpayer when discharging tax audit.

54- Deep understanding and good training of the methods of tax evasion is a main factor in order to detect tax evasion, especially when tax auditor is discharging tax auditing for business and professions. From analysis of data it is found that, 41.5% of respondents have selected option “strongly agree” that “Deep understanding and good training of the methods of tax evasion is a main factor in order to detect tax evasion” and 22.70% of participants of survey have chosen the option “agree”. That means majority of participants of survey agree with statement that, Deep understanding and training of the methods of tax evasion is very good factor to discover tax evasion.

55- Tax auditor plays a significant role for detecting fraud and tax evasion from data analysis in Chapter Seven. Overwhelming majority of respondents selected option “agree” and “strongly agree.” That “Tax auditor plays significant role for detecting tax evasion” The percentage was 45.40% and 43.80%. 8.2% of them have selected the option i.e ”undecided” and 1.4% of sample study have selected both options “strongly agree” and “strongly disagree”. It means that, tax auditor has more significant role to detect to evasion.
56- Professional skepticism and professional care of tax auditor is cornerstone for detecting tax evasion at discharging tax audit. From data analysis the researcher found that, 26% of respondents have selected “Professional skepticism and professional care of tax auditor” as the first main factor for helping to prohibit tax evasion, 26% of participants have selected “tax audit” . It is also a main factor to help to prohibit tax evasion. 15% of them have selected “high penalty against tax evasion”, 12% of them agree with increase “tax awareness” and “reducing tax rate”. According to above analysis the researcher concluded that, Professional skepticism and professional care of tax auditor is the main tool to detect tax evasion, then tax audit, tax awareness, high penalty against tax evasion and tax evader and reducing tax rate.

57- Tax audit by the tax auditor more honesty and sincerity in order to detect tax evasion. From data analysis overwhelming majority (88.7%) of respondents selected the option “tax audit by C.A” and minority (11.3%) of participants have chosen option “tax audit by tax authority.” So tax audit should be done by the tax auditors, it is with more honesty and sincerity to detect tax evasion.

58- Most accounting standards recognized under Indian income tax Act. According to data analysis in Chapter Seven found that, 66.5% of respondents agree with the option “strongly agree” that “standards accounting recognized under Indian Income tax”, 20% of participants agree with the option “agree”, 10.90% of participants agree with the option “undecided” and very few 1.6% agree with the portion “disagree” and the option “strongly disagree” that means most of accounting standards recognized under taxation law.

59- When income tax Act 1961 doesn’t recognize some of expenditures according to accounting standards therefore Income Tax Act, 1961 in India can curb tax evasion up to some extent. According to data analysis in the Chapter Seven we found that, 66.7% of respondents of survey have selected the option “up to some extent” that, Income Tax Act, 1961 curb tax evasion in India, 13.80% of them have selected the option “NO” and 19.50% of the respondents have selected “YES”. So that means Indian Income tax Act, 1961, up to some extent can curb tax evasion in businesses and professions.

60- Depreciation according to Accounting standard is able to become overstatement, after going back to data analysis in the chapter seven found that, 54.42% of the respondents with
agree the option “depreciation under AS6 is overstatement” and 45.58% of participants have chosen option “income tax policy regards depreciation for decrease of tax evasion”. The researcher concluded that depreciation according to Accounting standard is able to become overstatement therefore income tax Act doesn’t accept this depreciation.

61- When the convergence between standards accounting issued by the Institute of Chartered Accountants of India and the provisions of the Income Tax Act is high, it leads to lack of opportunities of phenomenon of tax evasion by way of overstatement of expenditures. After returning to Chapter Seven data analysis it is found that 38.50% of respondents have chosen the option “strongly agree” that “the convergences between provisions of income tax Act, 1961 and accounting standards issued by ICAI, lead to decreasing in overstatements in expenditures” but 38.80% of respondents have chosen the option “agree”, 17.7% of them have selected the option “undecided”, 6.1% of sample have chosen the option “disagree” and 1.6% of participants selected the option “strongly disagree”. The researcher concluded that, when the convergence between accounting standards and the provisions of the Income Tax Act is high, that leads to lack of opportunities of phenomenon of tax evasion by way of overstatement of expenditures.

62- When the divergence between the accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Income Tax Act is big, it leads to opportunities for the phenomenon of tax evasion by over-expenditures. From data analysis About 35.8% of participants in survey study have selected the option “agree”, that “the divergences between provisions of income tax Act, 1961 and accounting standards issued by ICAI leads to increasing overstatement in expenses”, 35.60% of them have chosen the option “strongly agree”, 19% of respondents have selected the option “undecided”, 6.30% of respondents selected the option “disagree” and 3.20% of participants have selected the option “strongly disagree”. It is clear that, divergence between provisions of income tax Act, 1961 and standards accounting issued by ICAI, leads to increasing of over-expenditures.

63- About 37.6% of respondents have selected the option “strongly agree” that “support more convergence between income tax Act 1961, and accounting standards”, 27.9% of respondents have chosen the option “agree”, 15.90% of respondents have selected the
option “undecided”, 13.40% of respondents have selected the option “disagree” and last option is “strongly disagree” the percentage was 5.20%. That means most of the respondents agreed with the statement that, more convergence between income tax Act 1961, and standards accounting.

64-For more convergence and less divergence between income tax law provisions and accounting standards, Income tax Act should adapts in line with accounting standards. From data analysis found that, about 74.1% of participants of survey of study have selected option “Adaptation of the Income tax Act in line with Accounting standards” for more convergence and less divergence between income tax law provisions and accounting standards, but 25.90% of respondents have chosen option “Adaptation of accounting standards in line with the income tax act”. The researcher concluded that, for more convergence and less divergence between income tax law provisions and standards accounting, Income tax Act should adapts in line with standards accounting.

65-Re-calculation income for business and profession according to income tax act provisions, after application of appropriate standards accounting, has a role for prohibiting tax evasion by assesses in business and professions. According to data analysis percent in the Chapter Seven it is found that, overwhelming majority of respondents have selected The option “strongly agree” the percentage of which was 70.10% and 16.30% of participants have chosen option “agree” ,7.9% of respondents have selected option” undecided” and 3.7% of them have selected the option “strongly disagree” and 2.5% of them have selected the option “disagree”. The researcher found that, Re-calculation of profit and loss account according to income tax Act, 1961 helps to prohibit tax evasion by assessees in businesses and professions.

66- There are implications of accounting standards issued by ICAI on tax audit u/s 44AB. From Chapter Seven data analysis it is found that, 67.30% of respondents have selected the option “very strong” that “the implications of accounting standards issued by ICAI on tax audit u/s 44AB” and 16.80% of them have chosen the option “strong”, 7.7% of respondents have selected the option “fair” and 4.1% of respondents have selected same option “very weak” and “weak”. The researcher concluded that most of accounting standards are implications on tax audit u/s 44AB of income tax Act, 1961.
67- 61% of the respondents selected the option “up to some extent” that “Indian income tax Act 1961 is very complicated is one of the reasons of tax evasion in India”, 22.40% of them selected the option “Yes”, and 16.60% chosen the option “No”. The researcher found that, majority of the participants agree with the option “up to some extent that” complicated Income tax Act is one reason of tax evasion, the researcher concluded that up to some extent that Indian income tax Act 1961 is very complicated is one of the reasons of tax evasion in India.

68- 62.15% of respondents of participants agree with the option “strongly agree” that “complete convergence between AS and I.T.A”, 25.62% of respondents have selected the option “agree”, 10.88% of respondents selected the option “undecided”, 6.58% of them have selected the option “disagree” and 4.76% of participants have elected the option “strongly disagree” the researcher concluded that, most of the respondents support this idea that, complete convergence between AS and I.T.A.

69- Accounting standards effect should be given to the specific provisions of the tax laws, that leads to reduce divergence between accounting standards and income tax act provisions. Therefore decrease tax evasion. Returning to data analysis in the Chapter Seven found that, 56.50% of respondents of participants agree with the option “strongly agree”, 36.30% of respondents have selected the option “agree”, 4.5% of respondents selected the option “undecided”, 2% of them have selected the option “disagree” and 0.7% of participants have selected the option “strongly disagree.” That means most of respondents agree with the statement “AS effect should be given to the specific provisions of the tax laws”.

70- Tax auditor follows audit and assurances standards when discharging tax audit, 68.50% of respondents have selected the option “strongly agree”, 23.10% of participants have chosen the option “disagree”, 6.10% of them have selected the option “undecided”, 0.7% of them have selected the option “disagree” and 1.60% of participants have selected the option “strongly disagree”. The researcher concluded that, majority of participants in survey agree with the statement that, tax auditor follows audit and assurances standards when discharging tax audit.

71- Government takes into account accounting standards when enacting income tax law. According to survey, most of the respondents of both groups (C.A and professors) agree
with the statement that, accounting standards are take into account when enacting income tax law. 50% of participants in survey have selected the option **strongly agree**, 43.30% of respondents chosen option **agree**, few of respondents (4.30%) have selected the options **undecided** 1.60 % of them selected option **disagree** ,0.7% of respondents have selected the option **strongly disagree**. That means accounting standards should be taken into account when enacting income tax law

72- Tax law should move towards synchronization of its policies and principles in alignment with the accounting standards. According to data analysis in the Chapter Seven we found that, About 46.7% of respondents have selected the option **strongly agree**” and 45.4% of them chosen the option **agree” , 5% of respondents have selected the option **undecided” , 1.4% of participants with the option **disagree” and 1.60% of them have selected the option **strongly disagree.” The researcher concluded that, Tax law should move towards synchronization of its policies and principles in alignment with the accounting standards

73- The relation between tax audit u/s44AB and accounting standards issued by ICAI is very strong. According to data analysis it is found that, about 39.9% of respondents have selected option **very strong” , 30.60% of them with option **strong”, 14.3% of respondents have selected option **Neither weak nor strong” , 12.70% of participants agree with the option **weak” , 1.40% of them have selected option **very weak”. That means, the relation between tax audit u/s44AB and accounting standards issued by ICAI is very strong

74- Impact of accounting standards to detect tax evasion is moderate. According to data analysis the researcher found that, about 30% of respondents have selected the option **weak” ,25% of them have chosen option **Neither weak nor strong”, 20.16% of participants have selected option **strong”, 12.02% of them have selected option **very weak” . 11.56% of participants have supported option **very weak”. The researcher concludes that, there is moderate relationship between Accounting standards and curb of tax evasion.

75- The level of Tax Evasion depends on the Chartered Accountants and tax lawyers who help companies, firms, and individuals to evade paying taxes.

**It is clear from above findings that, the hypotheses under study have been proved.**
Recommendations and suggestions:-

The researcher recommended and suggested the follow:-

1- Tax evasion consequences are not less than corruption consequences. Corruption and tax evasion are two sides of one coin, so civil society organizations should help the government to fight tax evasion, such as fighting corruption. It should be one more social activity like Anna Hazare’s to fight tax evasion, because tax evasion harms all of the people in the society in direct or indirect ways.

2- Tax authorities in India should treat tax evasion as a civil and criminal offence, as in some countries and should enact law regard that.

3- “Any person who willfully attempts in any manner to evade or defeat any tax imposed by this title or the payment thereof shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, shall be fined not more than $100,000 ($500,000 in the case of a corporation), or imprisoned not more than 5 years, or both, together with the costs of prosecution”. This is Section 7201 of the Internal Revenue Code states in U.S.A. but according to section271(1)(c) of income tax Act1961, concealment of particulars of income or furnishing inaccurate particulars of such income, it mention 100% penalty of the amount of tax sought to be evaded as minimum and 300% of the amount of tax sought to be evaded as maximum penalty, the researcher suggest that, the India government should imposes strict and serious penalties against tax evasion and tax evader as in U.S.A penalty against tax evasion

4- Indian central government should raise tax awareness among the Indian society by using all possible means, like Hold conferences and Seminars to explain the harmful of tax evasion, and explain the importance of paying due tax to the community, in all India cities.

5- The researcher recommended that central government should enact new law. This law is “tax evasion law”, this law should be including all details against tax evasion in all forms and kinds of taxes, and it must mention all penalties against tax evasion and tax evader.

6- Tax authorities in India should spread compliance with tax law in the society, should use all methods and means for that.
7- The researcher suggested finding ways and means of increasing the elasticity of tax revenues and increasing the share of income tax as a proportion of total tax revenues and of GDP.

8- Indian government should encourage people for inform about tax evasion cases to tax authorities and should introduce reward for any somebody informing about tax evasion operation.

9- Tax evasion problem should teach in schools syllabus, as well as in the Universities syllabus to increase tax awareness among schools students and colleges’ students in India.

10- To curb tax evasion in India the researcher recommended that should create a healthy relationship among the three stakeholders in the taxation system, Tax Authorities, Chartered Accountants and Taxpayers.

12- Income tax system in India should be made scientific and be based on economic planning according to the needs of the economy. It should encourage production, investment and saving.

13- Procedures must be simple and easy in the tax authorities. Taxpayers should be treated with respect and create trust between the taxpayer and tax administration.

14- Tax authorities should expand the application of deduction of tax at sources, because it reduces the opportunities for tax evasion for example the revenue from indirect tax in Indian tax system more than the revenue from direct tax because in the indirect tax apply deduction of tax at sources.

15- Tax authorities should develop planning to increase taxpayers’ number in every year which will bring about more revenue for economic development.

16- The tax authorities in India should study the reasons for tax evasion, and try to remove these causes as much as possible and search for solutions to eliminate these causes in a scientific way.

14- Tax authorities in India should work by the recommendations and the results of scientific research from some persons as well as the findings and recommendations of conferences.
and seminars are holding and researching on the phenomenon of tax evasion, so as to reduce tax evasion in the Indian society.

15- The phenomenon of corruption is widespread in tax administration in India, and it is a major cause for tax evasion, so Indian government must fight this phenomenon by all possible means. For example the penalty should be imprisonment and fine for any person who commits corruption in tax administration or helps somebody in tax evasion case.

16- The researcher recommends that, the tax authorities should not neglect the application of sanctions against tax evasion as well as against evader of tax, after discovery of tax evasion case.

17- Tax rate’s one of the reasons of tax evasion, so the Indian government should reconsider the tax rate from time to time, according to economic conditions in the country.

18- Tax Authorities in India must reduce amendments in the income tax Act from year to year because it creates a legal loophole for taxpayer for commit tax evasion.

19- The powers of statutory audit have been defined in the Indian Laws. Section 227 of the Companies Act, 1956 deals extensively with this topic, Subsection 1 of Section 227 of the Act, No such power given to the auditor appointed under section 44AB therefore Tax audit cannot detect tax evasion in many cases for example, opening of bank accounts under assumed names, because the power of tax audit is weak, so we recommended that, Indian laws should give same power to tax auditor as the power of statutory audit.

20- Tax audit should improve and develop skills of tax audit team to become able to detect tax evasion when discharging tax audit because this is a main factor to help tax auditing to prohibit tax evasion in business and professions.

22- Tax auditor must do his best and make every effort honest performance and high competence and professionalism and use all possible means to detect tax evasion.

23- The permanent account Number (PAN) should be extended to cover all Indian citizens

24- There are four main players to prohibit tax evasion; they are tax auditor, taxpayer, tax officer, Income tax Act 1961. Therefore they must increase positive points in each player to become more active to prohibit tax evasion. Tax auditor should give him more power,
taxpayer should increase spirit of civic responsibility, tax officer should increase their salary, and for Income tax Act should increase convergence with accounting standards.

25- The researcher suggest that Indian government should enact penalty against Chartered Accountants and tax lawyers if they helping taxpayer for tax evasion..

26- Tax authorities should do programs and training for deep understanding and methods of tax evasion for tax officers

27- Tax audit is a part of an integrated policies curb tax evasion, so India government should activate all possible means to combat tax evasion. It should use all kinds of media, in order to increase tax awareness among citizens.

28- Professional skepticism requires an ongoing questioning of whether the information and audit evidence obtained suggests that a material misstatement due to fraud may exist.

29- The auditor should maintain an attitude of professional skepticism throughout the audit, recognizing the possibility that a material misstatement due to fraud could exist, notwithstanding the auditor’s past experience.

30- In order to improve the ability of the discover tax evasion by taxpayer, tax auditor should verify of the truth of deals from databases containing information provided by taxpayers to third parties, or relating to their transaction with third parties

31- Although the auditor cannot be expected to fully disregard past experience with the entity about the honesty and integrity of management and those charged with governance, the maintenance of an attitude of professional skepticism is important because there may have been changes in circumstances.

32- Tax laws should move towards synchronization of its policies and principles in alignment with the accounting standards, to ensure that the deviation and distortions are kept to minimum.

33- When performing analytical procedures to obtain an understanding of the entity and its environment, including its internal control, the auditor should consider unusual or unexpected relationships that may indicate risks of material misstatement due to tax evasion.
34- The auditor should determine overall responses to address the assessed risks of material misstatement due to tax evasion at the financial statement level and should design and perform further audit procedures whose nature, timing and extent are responsive to the assessed risks at the assertion level.

35- For more convergences and less divergences Indian government should take into account accounting standards when enacting income tax law, because when there are more convergences and less divergences that leads to decrease of the divergences between income tax Act provisions and accounting standards about expenditures. That leads to curb tax evasion.

36- Each of the Institute of Chartered Accounting in India and the Central Board of Direct Taxes should harmony between them with enactment of provisions of income taxes act, as well as when issuing a new accounting standard for more convergence between them.

37- When tax auditor obtaining an understanding of the entity and its environment, including its internal control, the auditor should consider whether the information indicate reasons for tax evasion.

38- The auditor should make inquiries with in internal control team to determine whether they have knowledge of any actual, suspected or alleged for tax evasion.

39- The fact that tax evasion is usually concealed can make it very difficult to detect. Nevertheless, when obtaining an understanding of the entity and its environment, including its internal control, the auditor may identify events or conditions that indicate an incentive or pressure to commit tax evasion or provide an opportunity to commit tax evasion.

40- When performing analytical procedures to obtain an understanding of the entity and its environment, including its internal control, the auditor should consider unusual or unexpected relationships that may indicate risks of material misstatement due to tax evasion.

41- The auditor should determine overall risks of material misstatement due to tax evasion at the financial statement level and should design and perform further audit procedures whose nature, timing and extent are responsive to the assessed risks at the assertion level.
42- If the auditor has identified tax evasion or has obtained information that indicates that a tax evasion may exist, the auditor should communicate these matters as soon as practicable to the appropriate level of management.

43- Tax auditor should understanding the Entity and its Environment to be able to assessing ways and the risks of tax evasion.

44- No law can be effective and satisfactorily implemented unless penalties and prosecutions are provided for. So the researcher recommended that, the tax authorities should not neglect the application of the legal penalties on tax evaders.