

Academicians' Perception towards BTT in India: A Comparative Study of Present Income Tax System & Proposed Single Banking Transaction Tax System

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INTRODUCTION

In our country at present we are paying 32 types of taxes in the form of direct and indirect taxes, out of which Income tax is the most complicated direct tax but the present system of tax is very complex. To overcome the complexities of present system, an institute proposed single banking transaction taxes. According to the proposed system i.e. single banking transaction taxes, only certain deduction will be made on bank transactions say, 2% by abolishing all direct and indirect taxes and the deducted amount will be distributed among central government, state government, local authorities and bank in the proportion of 0.7 percent, 0.6 percent, 0.35 percent and 0.35 percent respectively. According to single banking transaction tax when an amount is credited in the account of receiver he has to pay tax on that amount, when the amount is credited in his account. The main purpose of BTT (Banking Transaction Taxes) is to simplify the present tax system. BTT is very simple and has negligible compliance cost and it will simplify the present tax system but the main drawback of this BTT is that many adult people do not have bank account so a large proportion of people who do not have bank account will not pay tax due to the absence of universal banking. Many people use their black money in purchasing of jewelry, land, property etc., so to stop the black money government should band the cash purchasing of more than Rs. 2000 so that blank money can be minimize. After BTT banking can be universal because to make a transaction of more than 2000, person should have a bank account through which he can make payment and if a person makes cash transaction of more than Rs. 2000, that transaction will be illegal. So after this system there will be transparency in tax and it will become very simple.

SCOPE OF THE STUDY

The present study has been conducted to know the academicians perceptions towards banking transactions tax (BTT) in India: A Comparative study of present tax system & proposed single banking transaction tax in Delhi & NCR.

OBJECTIVES OF THE STUDY

The main objective of the study is to examine the academicians perceptions towards BTT in India: A Comparative Study Of Present tax system & Proposed single Banking Transaction Tax

In this broader framework, the following are the specific objectives of the study:

- (i) To examine the impact of BTT on Academician.
- (ii) To analyzing the problems faced by the Academician in present tax system

(iii) To suggest measures to boost up the services in BTT for the betterment of the society.

RESEARCH HYPOTHESES

- (i) There is no relationship between demographic variables and impact of BTT on Academicians.
- (ii) There is no significant difference in problems faced by academicians in present tax system

RESEARCH METHODOLOGY

Sample Design

The universe for the purpose of this study comprises of all the academicians in Delhi & NCR. For the present study, judgmental sampling is used for sample selection of 125 academicians of Delhi and NCR area.

SIGNIFICANCE OF THE STUDY

The present study would be beneficial to the tax policy makers, bankers, assesses and researchers to know the problems in present tax system, its impacts on BTT, suitable strategies for overcoming the tax system.

Data Collection

The present study includes both primary and secondary data. Primary data has been collected from the academicians selected by convenience sampling with the help of pre-structured questionnaire using 5 point likert scale and secondary data has been extracted from articles published in various journals, magazines, newspapers and websites.

DATA ANALYSIS

To find out the patterns of relationship that exist among data-groups, tools which are used for this purpose are Standard Deviation, T-test etc. Data has been analyzed with the help of Statistical Package of Social Science (SPSS, version latest).



Table 1: Impact of BTT

Basis	Innovation in proposed BTT in comparison to Income Tax	Positive/Negative
Tax slabs	No direct and Indirect taxes but only 1% BTT, presently for individuals there are slabs upto 30% in Income tax and there are other taxes also.	It seems a positive step for direct & Indirect tax payers
Tax rate	Corporate tax rate & other reduced from 30% to 1%	Positive for companies & other businesses
Securities Transaction Tax	It will be abolished if BTT applied	Positive for buyers and sellers of securities.
Tax on Long term capital gain	presently it is added in total income & is taxed according to slab, It is not payable	Beneficial for tax payers
Distinction between short term an long term capital gain	Earlier there was difference, but in new BTT this difference is not there as both are not needed	Easy process of computing BTT
Amalgamation and demerger	Now there will no change in tax system, presently lengthy & complex procedure	Freedom from complex system of taxation
Carry forwarding business losses	Earlier limit of 8 assessment year can now be carried forward for a indefinite period.no tax so need of it	Positive for corporate manufacturers with gestation period.
MAT	Earlier it was on book profits, now on gross assets. Basis for computing Minimum Alternate Tax (MAT) changed from "Book Profits" to "Gross Assets"; Gross Assets to include: Value of Gross Fixed Assets + Capital work-in-progress + Book Value of all other assets - Accumulated Depreciation - Debit Balance in P&L A/c; MAT to be charged at 2% of Gross Assets and will be the final tax and will not be available as tax credit in subsequent years.	No requirement, so positive

ANALYTICAL VIEWPOINT OF ACADEMICIANS:

We first found out whether the age is associated with following variables: & Average Agreement on problems in present tax system with different parameters. Average Agreement on impacts of single banking transaction tax. Being the qualitative investigation, scores were gathered through the interview to capture academician's perceptions and views regarding the effectiveness and usefulness of BTT. Additional discussions with experts were combined and then compared with their feedback in order to understand the extent of outcomes. The results are given in Table 1.

Table 2: Statistical Viewpoint of Academicians (all t-values are significant at 0.01 levels)

Parameters	Present Income Tax System		Proposed Single Banking Transaction Tax System		T-value
	Mean	SD	Mean	SD	
Complex	4.2	0.42	4.3	0.48	0.63
Insufficient Operating Guidance	3.3	0.95	4.2	0.79	0.03
Limited Scope	3.4	0.70	3.7	0.48	0.28
Lot of Mental Effort	4	0.00	4	0.00	#DIV/0!
Inefficiency	3.7	0.48	3.6	0.52	0.66
Falsified Transactions	2.7	1.06	3.9	0.88	0.01
Accountability	3.6	0.52	3.8	0.42	0.36
Scams	4.1	0.32	4.6	0.70	0.06
Impairment of Funds	3	0.00	3	0.00	#DIV/0!
Accounts Information	3.7	0.48	3	0.94	0.06
Efficient Management of Funds	3.5	1.08	3.1	0.32	0.29
Easy to Use	3.7	1.34	4.5	0.85	0.13
Customers' Status	3.7	0.48	2.9	1.45	0.13
Quickness	3	1.05	2.6	0.84	0.36
Economical	3.9	0.74	4.6	0.52	0.03
Reduction in the waiting time	3.7	0.95	3.3	0.67	0.29
Service Efficiency	4	0.00	4	0.00	#DIV/0!
High Quality of Decisions	3.4	0.52	3.5	0.53	0.67
Better control					
Valuable					

Above results reveals that maximum average scores of impact after BTT are higher than the earlier which indicates the positive change as it will be reduce prices of petrol, cylinder. there will be reduction in FDI but for some points falsified transaction, easy to use etc. average scores are reduced as many rural people even do not have bank account it will be very complex for them, it will not be

economical since its start as about 3 lakhs of villages do not have banks, high quality of decisions with lot of infrastructure will be required. Difference of both groups is also significant which has been measured in terms of t-value. About account information, lot of mental effort and better control academicians does not find any variation in earlier tax system and proposed BTT. Although perception of academicians is subjective in nature, it may vary after practice of BTT.

CONCLUSION

BTT looks very attractive as there are very complexities in present tax system & is out of reach to understand for a layman paying income tax. BTT may simplify the process but there are some loopholes also, if cigarettes, alcohol become tax-free it will be very harmful for society. others problems like infrastructure capital for forming new banks in rural area and opening accounts for lakhs of people in a short period is the most challenging task. Impact of BTT can be viewed after a sincere implementation only.

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