



"PERCEPTIONS OF INCOME TAX RATIONALIZATION MEASURES: A DELHI NCR PERSPECTIVE"

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Abstract:

Introduction: In India, the income tax system plays a crucial role in shaping the nation's economic landscape. As taxpayers are the key contributors to this system, understanding their perceptions and attitudes towards it is of paramount importance. Tax compliance is also influenced by individual perceptions of fairness, simplicity, and the overall efficacy of the tax regime. A positive perception can foster voluntary compliance and strengthen the revenue collection, while a negative perception might lead to tax evasion, reducing the government's capacity to address the needs of its citizens.

Purpose: This research aims to investigate the opinions, convictions, and sentiments of individuals subject to income tax in the Delhi/NCR region regarding the rationalization and simplification measures within India's income tax system. By conducting a thorough examination, our primary goal is to uncover the underlying attitudes and viewpoints of taxpayers concerning the income tax framework in India, recognizing its significant economic importance.

Design/ Methodology/ Approach: This research employed a primary data analysis methodology to achieve its research goals. The focus of the study was on gathering firsthand information from 525 participants who live in the Delhi NCR area, encompassing regions such as Delhi, Faridabad, Gurugram, Noida, and Ghaziabad. Quantitative data analysis methods were employed to elucidate and scrutinize the research findings. In particular, the researchers utilized SPSS software to conduct ANOVA and regression analyses on the collected data, with the aim of examining the perspectives of individuals subject to income tax.

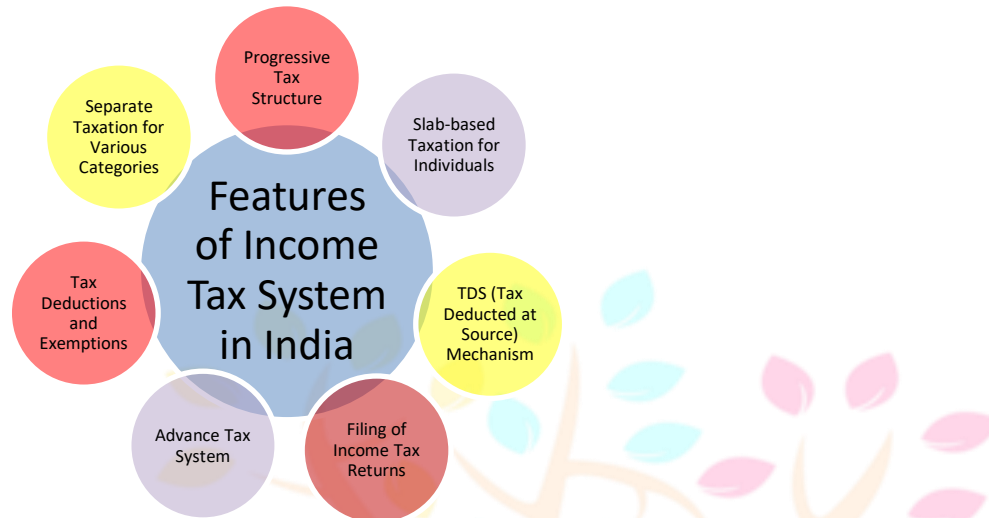
Findings: Taxpayers from various categories overwhelmingly support the simplification and rationalization of the income tax system, a concept that includes streamlining tax provisions. This widespread agreement spans individuals, firms, Hindu Undivided Families (HUFs), companies, and others. Regardless of their specific categorization, all taxpayers recognize the importance of these measures in improving the tax system. This consensus is driven by shared interests, common goals, and the perceived benefits of a more straightforward tax system. The desire for fairness, transparency, reduced compliance burdens, and easier comprehension further strengthens this shared viewpoint among taxpayers across different segments.

Originality/ Values: This study's uniqueness lies in its exclusive focus on how individuals paying income tax in the Delhi NCR region view efforts to simplify and rationalize the income tax system. While previous research has explored taxpayer behavior and opinions in various settings, this study stands out by delving deeply into this specific geographic area, taking into account its distinct socio-economic dynamics. Moreover, the research gains originality by gathering primary data from a significant sample of 525 respondents. Through the utilization of both quantitative data analysis methods such as ANOVA and regression analysis, the study offers a thorough and robust examination of the attitudes and perceptions held by these taxpayers.

Key words: Income Tax System, Perception, Rationalization, Simplification, Transparency

INTRODUCTION

The Income Tax System in India is a fundamental pillar of the country's fiscal framework, designed to raise revenue for the government and ensure socio-economic development. It is a direct tax levied on the income earned by individuals, businesses, and other entities within the country's borders. The system is governed by the Income Tax Act, 1961, and administered by the Central Board of Direct Taxes (CBDT), which operates under the purview of the Ministry of Finance, Government of India. The primary objective of the income tax system is to achieve equity, progressivity, and efficiency in revenue collection, while simultaneously promoting fiscal discipline and encouraging compliance among taxpayers. (SAMANTARA, 2020)



Key Features of the Indian Income Tax System:

1. **Progressive Tax Structure:** The Indian income tax system follows a progressive tax structure, wherein higher-income individuals are subject to higher tax rates. The idea behind this approach is to distribute the tax burden equitably, with those who have a greater ability to pay contributing a larger proportion of their income to the government.
2. **Separate Taxation for Various Categories:** Income tax is levied on different categories of taxpayers, such as individuals, Hindu Undivided Families (HUFs), companies, firms, and others. Each category is subject to distinct tax rates and rules, based on their respective sources of income and financial activities.
3. **Slab-based Taxation for Individuals:** Individual taxpayers are divided into different income slabs, and tax rates vary according to the slab in which their income falls. These slabs are revised periodically by the government to account for inflation and economic conditions.
4. **Tax Deductions and Exemptions:** To incentivize specific behaviors and promote savings, the Indian income tax system offers various deductions and exemptions. These may include allowances for certain investments, expenditures, charitable donations, medical expenses, and home loan interest, among others.
5. **Advance Tax System:** Taxpayers, especially those with significant income, are required to pay taxes in advance throughout the financial year through the 'Advance Tax' mechanism. This ensures a steady flow of revenue for the government and minimizes the burden on taxpayers during the tax-filing season.
6. **TDS (Tax Deducted at Source) Mechanism:** TDS is a system whereby the payer deducts a certain percentage of tax at the source while making specified payments, such as salaries, interest, rent, or professional fees. The deducted amount is then remitted to the government, reducing the possibility of tax evasion.
7. **Filing of Income Tax Returns:** Every eligible taxpayer is required to file an income tax return annually, reporting their income and taxes paid during the financial year. The income tax return filing process can be done online through the Income Tax Department's official portal.

The Income Tax System in India plays a crucial role in financing government expenditures and funding essential social welfare programs. Its progressive nature aims to promote economic equity and redistribution of wealth, while various deductions and exemptions incentivize savings and investments. Despite its complexities, the system is continuously evolving to adapt to changing economic conditions and ensure effective tax administration. Encouraging compliance, promoting tax awareness, and maintaining a balanced tax regime remain key challenges for policymakers in their quest to improve the Indian income tax system further. (Babu, 2023)

This research paper delves into the crucial subject of income tax system rationalization and simplification, examining the perspectives of diverse taxpayer categories in the Delhi/NCR region, encompassing Delhi, Faridabad, Gurugram, Noida, and Ghaziabad. The study's primary focus is to unveil a compelling consensus among individuals, firms, Hindu Undivided Families (HUFs), companies, and others regarding the imperative need for streamlining and simplifying the income tax framework. Despite their distinct classifications, all taxpayers recognize the profound significance of these measures in bolstering the effectiveness of the tax system. This widespread agreement can be attributed to shared interests, common goals, and the perceived advantages of a more rationalized and comprehensible income tax system. The shared pursuit of fairness, transparency, reduced compliance burdens, and ease of comprehension serves as a unifying factor among taxpayers from diverse backgrounds, ultimately shaping the foundation for comprehensive tax reform in the region.

REVIEW OF RELATED LITERATURE

The Indian tax system remains highly complex due to the existence of multiple taxes, intricate compliance rules, inefficient tax administration, and other challenges. With multiple taxes in place, taxpayers must navigate through a complex web of tax laws, making compliance and tax planning more challenging. Meeting tax compliance requirements involves extensive record-keeping, accurate reporting, and adherence to timelines for filing returns and paying taxes. Efficient tax administration is crucial for effective tax collection and enforcement of tax laws. However, the Indian tax administration has faced challenges related to capacity, resources, and technology. Tax authorities need to deal with a large number of taxpayers, making it difficult to provide personalized attention and timely resolution of issues. (SAMANTARA, 2020)

India, as an emerging nation, holds a crucial position in the global economy. Its rise in prominence is not only evident among other emerging countries but also within the international economic landscape. However, the country's tax environment has often been perceived as complex, marked by multiple indirect taxes, burdensome litigations, and a lack of predictability. To foster economic growth and attract both international and domestic investments, India needs a robust tax policy. This becomes particularly vital as the country faces a significant fiscal deficit, making revenue generation a top priority. (George, 2015)

Inclusive growth in any country should take into account the dynamics of the middle class, which plays a significant role in economic development. By focusing on policies that promote the well-being and economic mobility of the middle class, countries can create a more stable and sustainable foundation for long-term growth. Empowering the middle class can stimulate consumer demand, encourage entrepreneurship, and drive economic progress, contributing to inclusive growth on a broader scale. While pro-poor growth has been a key focus in development economics, the concept of inclusive growth should evolve to encompass the middle class's economic role. By adopting policies that uplift the middle class, countries can foster more comprehensive and sustainable economic development, ultimately benefiting the entire population and promoting long-term growth. (Birdsall, 2010)

An examination of specific reasons driving taxpayers to seek professional assistance reveals that complexity and frequent changes in income tax laws are major concerns for Indian taxpayers. These findings underscore the need for implementing strategies to alleviate the compliance burden and improve the tax system's efficiency. The extending the use of withholding taxes involves deducting taxes at the source of income, thereby reducing the taxpayer's compliance burden. Additionally, implementing taxpayer education programs and simplifying tax laws are recommended measures to enhance taxpayer awareness and make the tax system more accessible and comprehensible. (Singh J. &, 2010)

The study's results indicate that e-taxpayers' behavioral intention towards the online tax-filing system is primarily influenced by their perceived ease of use and usefulness. Since the electronic tax-filing system adoption in India is voluntary, the findings suggest that a system that is easy to use, customizable, user-friendly, offers a range of services, is convenient, has easy payment options. (Haryani & Motwani, 2015)

The paper provides an overview of the e-Filing system for Income Tax Returns (ITRs) in India, including its history and benefits for different stakeholders. The paper identifies shortcomings of the old e-Filing system for tax returns in India and highlights factors that led to the implementation of a new system. The paper explains the approach to executing the new e-Filing system, prioritizing reliability and availability, recommending features and facilities for different stakeholders. (Singh H. , 2013)

The study highlights the importance of effective policy and administrative measures in achieving successful property tax reforms. The findings of the study can be useful for policymakers and

administrators in other cities in India and beyond, who are looking to implement similar reforms. (Bandyopadhyay, 2013)

There has been a continuous growth in tax revenues throughout the research period, which has been good news for both direct tax collection and the expense of direct tax collection. However, inconsistency has been noted based on the percentage change in the direct tax collection from year to year, once more using the base year of 2013–14. While direct tax revenue increased by 8.96% during the 2014–15 fiscal year, it decreased by 6.63% during the 2015–16 fiscal year, compared to the prior year. Direct tax collection, however, grew to 14.53% in 2016–17 and to 17.93% in 2017–18, representing a rise in both volume and rate. (Kadyan & Sobti, 2021)

Changes in policy parameters elicit varied responses among taxpayers. Surprisingly, the only policy instrument that consistently generates a response is the audit probability. This indicates that the prospect of being audited plays a significant role in influencing taxpayer compliance behavior. Moreover, the study identifies two distinct groups of individuals: those who respond to changes in audit probability and those who respond to alterations in other policy variables like tax rate and penalty rate. This suggests that no single policy approach would be sufficient to induce appropriate behavioral changes in all taxpayers. Instead, a comprehensive approach incorporating various policy instruments may be required to effectively influence compliance behavior among taxpayers. (Tandon, 2017)

The discussion paper examines the concerning trend of tax avoidance among large corporations listed on the London Stock Exchange. It highlights the need for improved transparency in corporate tax practices and explores potential measures to ensure that these companies pay their fair share of taxes. By addressing tax avoidance, governments can enhance their revenue streams, support public services, and work towards reducing poverty and inequality. (O'Sullivan, 2019)

This research paper examines the impact of personnel policy reforms in the Indian income tax administration on tax compliance. Currently, high-income taxpayers who voluntarily disclose higher incomes are assigned to special assessment units. However, this practice creates an incentive for high-income taxpayers to understate their incomes to avoid being assigned to these units. The paper provides empirical evidence supporting this hypothesis and demonstrates the spillover effects of enforcement efforts across different assessment units. Based on these findings, the study estimates the potential revenue effects of increasing support staff and implementing changes in assignment procedures for staff and taxpayers. The results of the analysis indicate that expanding staff employment and reforming assignment procedures could lead to significant gains in tax compliance. By addressing the incentive for high-income taxpayers to understate their incomes, the proposed reforms are likely to improve overall tax compliance rates. (Das-Gupta & Ghosh, 2004)

The literature review reveals that existing research in the field of income tax predominantly focuses on topics such as tax flexibility, tax structure, incentives, compliance costs, and unaccounted income. These studies have consistently highlighted the operational inefficiencies and shortcomings within tax departments, often attributed to insufficient staffing and inadequate infrastructure. Moreover, most of these studies rely on secondary data sources and primarily adopt quantitative research methodologies. While there have been recent attempts to explore tax reforms and policy perspectives, these studies have tended to be geographically limited, focusing on specific states. Furthermore, their scope was constrained, and it has been a considerable amount of time since these research endeavours were undertaken. Notably, there is a notable absence of studies that investigate the perceptions of both Income Tax Authorities and taxpayers, especially within the context of North India. Therefore, the present research study has been undertaken to bridge this gap in the existing literature and provide insights into the perspectives of both tax authorities and taxpayers in the Northern region of India.

RESESRCAH METHDOLODY

The methodological considerations involved in studying the perception of income tax assesseees and authorities in the Delhi-NCR region are deeply explained. The research methodology outlines the information to be gathered, the sources of data, the data collection methods employed, and the analytical techniques to be used. Selecting an appropriate research design and methodology is crucial for this study, and this chapter provides a directional focus for the research. It explores two dominant research methodologies widely used in business research: positivism and phenomenology (Saunders, 2000). Positivism is chosen for its scientific approach, including hypothesis testing, while phenomenology is selected for its ability to acknowledge different perspectives and explore alternative solutions to problems. By incorporating both methodologies, this study aims to enhance the understanding of perception in the context of income tax and generate valuable insights.

The main purpose of this study is to investigate and understand the perception of income tax assesseees and authorities in the Delhi-NCR region. The study aims to explore the perspectives, experiences, and challenges faced by taxpayers. By examining these perceptions, the research seeks to identify potential areas for improvement in the tax system and enhance the overall effectiveness and efficiency of tax administration.

OBJECTIVE OF THE STUDY

To study the perception of Income tax assesseees towards the Rationalization and simplification measures of income tax system in India.

IMPORTANCE OF THE STUDY

This study holds paramount importance in providing a comprehensive understanding of how taxpayers across diverse categories perceive the rationalization and simplification measures within India's income tax system, specifically in the Delhi/NCR region. By uncovering a widespread consensus among individuals, firms, Hindu Undivided Families (HUFs), companies, and others, it illuminates the urgent need for a more streamlined and comprehensible tax framework. These insights not only inform policymakers in crafting more effective tax reforms but also have far-reaching implications on economic efficiency, compliance rates, and overall fiscal health. Ultimately, this research is instrumental in fostering fairness, transparency, and economic growth within the taxation landscape.

Research Design of current study

a. Type of Research:	Descriptive Research and explorative research
b. Data Sources:	Primary data
c. Research Approach:	Survey Method
d. Research Instrument:	Questionnaire
e. Type of Questionnaire	Structured non-disguised
f. Sample Size:	Income Tax Aseeesees: 550
g. Sampling Procedure:	Simple Random Sampling
h. Contact method:	Personal Interview / Google Form
i. Scaling:	Liker 5 Point Scale
j. Statistical Tool for Data Analysis:	Hypothesis testing will be conducted through factor analysis and ANOVA
k. Significance Level of Hypothesis:	5%
l. Software Using for Data Analysis	SPSS 25

HYPOTHESIS OF THE STUDY

Hypothesis was tested to know the difference in the mean perception of respondent. One way Analysis of variance (ANOVA) has been computed for this purpose.

Hypothesis 2:

H₀: There is no significant difference in the mean perception of respondents regarding the Rationalization and Simplification of income tax system.

Sub Ho1: There is no significant difference in the mean perception of respondents regarding Rationalization of income tax system.

Sub Ho2: *There is no significant difference in the mean perception of respondents regarding Simplification of income tax system.*

Sample Design

The primary data was collected from the assesseees which include Individuals, HUF, Firm, Company, Firms and others such as AOP/ BOI, Local Authority who are covered within the jurisdiction of the study area.

Sample Size of Assessee

In India, tax payers are classified on the basis of geographic location and occupation (Dasgupta, 2003). Therefore, sample selection was planned on the basis of location of the tax payers. The study area chosen for the research was NCR Region, since NCR region has a diverse taxpayer base, ranging from salaried individuals to self-employed professionals, small and medium-sized businesses, and large corporations. According to the records of the income tax department in these jurisdictions, the total number of assesseees identified was 45,67,762, representing the population for the study. The researcher aimed to determine an appropriate sample size, taking into consideration the population size, the desired level of precision, the level of confidence or risk, and the variability in the attributes being measured, as discussed by (Taherdoost, 2017).

Table 4.1 No. of Tax Filers in Sampling Area; Delhi NCR in 2021-22

	Individual	HUF	Firm	Company	Others	Total
Delhi	3299417	67995	68495	137854	69589	3643349
Faridabad	160162	19565	19865	38769	19964	258325
Ghaziabad	92158	11446	11346	22296	11397	148643
Noida	60138	7469	7444	14549	7396	96996
Gurugram	262392	31636	33636	62067	30718	420449
Total	3874267	138111	140786	275535	139064	4567762

Source: Data

obtained from Income tax department of these jurisdiction

$$n = N / (1 + N(e^2))$$

Where: n = Sample size

N = Total population size

e = Desired level of precision (expressed as a proportion)

The researcher utilized the Yamane formula to determine the sample size for their study with a desired level of precision of 5% and a confidence level of 95%. The total population size considered for the study was 4,567,762 individuals. By applying the formula, the researcher arrived at a sample size of 400. Determining the appropriate sample size is not solely based on the population size and desired level of precision; it should also consider the statistical tools used for analysis. For rigorous impact analysis involving multiple regression, log-linear analysis, or ANOVA, a sample size of 200-500 is generally recommended. To account for potential non-response, it is common practice to add an additional 10% to 30% to the sample size. (Glenn, 1992)

The researcher employed a proportionate stratified random sampling method for selecting the sample. Stratified random sampling involves dividing the population into distinct subgroups or strata based on certain characteristics or attributes. In this case, the classification of assesseees into different categories served as the basis for creating the strata. Each stratum represents a specific group of assesseees (e.g., Individuals, HUFs, Firms, Companies, Others). By using a proportionate stratified random sampling approach, the researcher ensured that the sample included an appropriate representation from each category based on its proportion within the total population. This method helps to account for the variations in the sizes of different categories and ensures that the sample is representative of the entire population.

Sample Size=

$$\left(\frac{\text{Size of sample}}{\text{Total Population}} \right) \times \text{Layer Size}$$

Sample size Under Proportionate Random Method						
	Individual	HUF	Firm	Company	Others	Total
Delhi	361	7	7	15	8	399
Faridabad	18	2	2	4	2	28
Ghaziabad	10	1	1	2	1	16
Noida	7	1	1	2	1	11
Gurugram	29	3	4	7	3	46
Total	424	15	15	30	15	500

Due to the small sample sizes in some sub-classes, it was necessary to prevent bias in the study. To address this, the sample sizes in each stratum were calculated separately, giving equal weight to each stratum except for the individual data in Delhi. This decision was made because the number of tax filers in Delhi is significantly higher compared to other cities. As a result, the researcher opted for a disproportionate random sampling method to ensure adequate representation.

Actual Sample size						
	Individual	HUF	Firm	Company	Others	Total
Delhi	240	5	5	10	5	265
Faridabad	40	5	5	10	5	65
Ghaziabad	40	5	5	10	5	65
Noida	40	5	5	10	5	65
Gurugram	40	5	5	10	5	65
Total	400	25	25	50	25	525

DATA ANALYSIS AND INTERPRETATION

PERCEPTION TOWARDS RATIONALIZATION AND SIMPLIFICATION OF INCOME TAX SYSTEM

Many studies pointed out that the income tax system in India is complex. It is believed that it is difficult for the assesseees to understand and apply the provisions for compliance and also for tax planning. Reforms committee have recommended to simplify the tax provisions and rationalize the tax rates, exemptions, incentives and rebate etc. in the present study respondents were asked to rate the statements given under the heading 'Simplification and rationalization measures.' this part of the questions includes 8 statements to identify the dominating factors and grouping of the statements into components, factor analysis was applied.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.789
Bartlett's Test of Sphericity	Approx. Chi-Square	945.007
	df	28
	Sig.	.000

As per the above table, The KMO (Kaiser-Meyer-Olkin) measure of sampling adequacy assesses the appropriateness of the data for conducting factor analysis. It ranges from 0 to 1, with values closer to 1 indicating better suitability. In this analysis, the KMO value of 0.789 suggests that the data is highly suitable for factor analysis. This indicates that there is a strong degree of correlation among the variables included in the analysis. Bartlett's test of sphericity examines whether the correlation matrix is significantly different from an identity matrix, which would indicate that the variables are unrelated. In this analysis, the test yields an approximate chi-square value of 945.007 with 28 degrees of freedom. The associated p-value is 0.000, indicating that the correlation matrix is significantly different from an identity matrix. This suggests that the variables are indeed interrelated and suitable for factor analysis.

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.125	39.059	39.059	3.125	39.059	39.059	2.905	36.317	36.317
2	1.182	14.777	53.836	1.182	14.777	53.836	1.402	17.519	53.836
3	.791	9.886	63.723						
4	.725	9.060	72.783						
5	.684	8.545	81.328						
6	.627	7.835	89.163						
7	.526	6.575	95.737						
	.341	4.263	100.000						
Extraction Method: Principal Component Analysis.									

In above table, the analysis of the Total variance explained reveals the presence of two dominant factors with eigenvalues greater than one. These factors account for a total variance of 53.836%. The individual variances explained by each factor are 39.059% and 14.777%, respectively. The significant eigenvalues suggest that these factors play a crucial role in explaining the diverse perceptions of the assesses. Together, they contribute to more than half of the total variance in the dataset. This implies that these factors capture the key underlying dimensions of the assesses' perceptions.

Rotated Component Matrix^a		
	Component	
	1	2
Irrelevant tax provisions must be changed or wiped off immediately	.780	
There should be only two types of residential status (Resident and Non-Resident)	.725	
Number of Exemptions and Deductions should be minimized and simplified for individual Assessee's and replaced by standard deductions.	.689	
There should be the same provisions under salary head for private, public or Government employees.	.685	
Further Reduction in tax rates brings better compliance	.654	
The age of super senior citizen should be fixed at 70 years.		.500
Income Tax rate for domestic companies and foreign companies should be the same.		.813
All losses carried forward should be allowed to be set off under any head.		.566
<i>E0xtraction Method: Principal Component Analysis.</i>		
<i>Rotation Method: Varimax with Kaiser Normalization.</i>		
<i>a. Rotation converged in 3 iterations.</i>		

In above Table, the individual variable loadings for each factor were determined using the principal component matrix with variable maximization and Kaiser normalization. From the table, it is evident that the first factor consists of five variables, which collectively account for 33.617% of the total variables. This factor captures the respondents' perception that irrelevant tax provisions should be changed or eliminated immediately. Additionally, it suggests the preference for having only two types of residential status, namely Resident and Non-Resident, as opposed to the current three types (OR, NOR & NR). This factor highlights the respondents' desire for measures to be taken by the government to enhance the effectiveness of the income tax system. Consequently, it can be termed as '**Rationalization.**'

The second dominant factor comprises three variables that explain 53.836% of the total variables. These variables reflect the respondents' expectation that tax provisions should be simplified. Therefore, this component can be appropriately labelled as '**Simplification.**'

Like this, the factor analysis reveals two prominent components: 'Simplification' and 'Rationalization.' The 'Simplification' component represents the respondents' expectation for simplified tax provisions, while the 'Rationalization' component reflects their desire for changes to eliminate irrelevant provisions and establish a streamlined residential status classification. These findings provide valuable insights into the factors influencing the respondents' perceptions and expectations concerning the improvement of the income tax system.

Analysis of Variance (ANOVA) of perception of assesseees towards Rationalization and Simplification of Income Tax System								
			Sum of Squares	df	Mean Square	F	Sig.	Results
Rationalization	Between Groups	(Combined)	8.178	4	2.045	2.061	.085	Fail to reject null Hypothesis
	Within Groups		515.822	520	.992			
	Total		524.000	524				
Simplification	Between Groups	(Combined)	42.313	4	10.578	11.420	.000	Null Hypothesis is rejected
	Within Groups		481.687	520	.926			
	Total		524.000	524				

Grouping Variable : Type of persons

The analysis of variance (ANOVA) was conducted to examine the perception of assesseees towards the factors of Rationalization and Simplification of the Income Tax System, as shown in Table 5.8. These ANOVA results offer valuable insights into the significance of differences in mean perception scores among different types of persons, including Individuals, Firms, HUFs, Companies, and others.

Sub-Hypothesis 1: Rationalization

In table 5.8, the ANOVA test for Rationalization did not reveal a statistically significant difference ($F = 2.061$, $p = 0.085$) in perceptions among different groups. Therefore, we fail to reject the null hypothesis (H_0). This suggests that varying perceptions regarding the rationalization of the income tax system did not show a significant difference among different groups of respondents based on the "Type of persons" variable.

Sub-Hypothesis 2: Simplification of Income Tax System

The ANOVA test for Simplification revealed a statistically significant difference ($F = 11.420$, $p < 0.001$) in perceptions among different groups. Therefore, we reject the null hypothesis (H_0) in favor of the alternative hypothesis (H_1). This indicates that perceptions regarding the simplification of the income tax system significantly differed among different groups of respondents based on the "Type of persons" variable.

The ANOVA analysis showed that perceptions regarding the simplification of the income tax system significantly varied among different groups of respondents, while there was no significant difference in perceptions regarding the rationalization of the income tax system. These findings suggest that simplification efforts may have a more noticeable impact on how respondents perceive the income tax system compared to rationalization efforts. Further analysis and exploration of the factors contributing to these differences may be valuable for policymakers and tax authorities.

FINDINGS OF THE STUDY

- ANOVA results were analysed for the perception of assesseees towards the factors of Rationalization and Simplification of the Income Tax System.
- For the Rationalization factor, the ANOVA revealed a non-significant F-value of 2.061 with a p-value of 0.085, indicating no significant differences in mean perception scores among different types of assesseees.
- This suggests that aspects such as minimizing and simplifying the number of exemptions and deductions, using standard deductions, and reducing tax rates for better compliance are consistently perceived across all types of assesseees.
- Assesseees from various categories, including Individuals, Firms, HUFs, Companies, and others, shared a high level of agreement on the need for rationalization and simplification in the income tax system.

- The consensus among different types of assesseees can be attributed to common interests, shared objectives, and the perceived benefits of a rationalized and simplified tax system, which includes fairness, transparency, reduced compliance burden, and ease of understanding.
- On the other hand, the ANOVA results for the Simplification factor showed a significant F-value of 11.420 with a highly significant p-value of 0.000, indicating substantial differences in mean perception scores among different types of assesseees.
- Specific categories of assesseees held distinct perceptions on certain aspects of the Simplification factor, such as individuals above the age of 80 favouring fixing the age of super senior citizens at 70 years, and individuals within the company or firm category expressing a positive inclination towards equal income tax rates for domestic and foreign companies.
- These variations in perception highlight the influence of demographic factors and the nature of the assesseees' entities on their viewpoints within the Simplification factor.
- The significant differences in mean perception scores among different types of assesseees for the Simplification factor underscore the importance of recognizing the varied perspectives and requirements of taxpayers in different categories.
- Policymakers should consider these distinctions to tailor tax policies and regulations to address the specific concerns and needs of individuals, companies, firms, and other categories of taxpayers effectively.

RECOMMENDATIONS/ SUGGESTIONS:

Based on the findings of this study, several key recommendations can be made to inform tax policy and regulatory decisions:

- **Uniform Rationalization Measures:** Given the non-significant differences in perception scores among different types of assesseees regarding the Rationalization factor, it is advisable for policymakers to continue efforts aimed at minimizing and simplifying the number of exemptions and deductions, implementing standard deductions, and reducing tax rates for better compliance. These measures are consistently supported by all categories of taxpayers and should be maintained or expanded upon.
- **Targeted Simplification Efforts:** As the ANOVA results for the Simplification factor indicate substantial differences in perception scores among different types of assesseees, policymakers should adopt a more targeted approach to simplification. Recognizing that certain demographic factors and entity types influence taxpayers' viewpoints, policymakers should tailor simplification efforts to address the specific concerns and preferences of different categories of taxpayers. For example, measures like fixing the age of super senior citizens or equalizing income tax rates for domestic and foreign companies should be considered in light of the preferences expressed by relevant groups.
- **Diversity in Taxpayer Needs:** The significant variations in perception scores among different types of assesseees emphasize the diverse needs and perspectives within the taxpayer population. Policymakers should take these distinctions into account when designing tax policies and regulations. This approach will ensure that tax reforms are more responsive to the unique requirements of individuals, firms, companies, HUFs, and other categories of taxpayers.
- **Strengthen Communication and Engagement:** To further enhance tax policy effectiveness, it is essential for tax authorities to engage in open and transparent communication with taxpayers from different categories. Seeking input and feedback from taxpayers can help shape policies that align with their expectations and promote a fair and efficient tax system.
- **Regular Assessment:** Continuous assessment and monitoring of taxpayer perceptions and preferences should be integrated into the policymaking process. Tax authorities should conduct periodic surveys and studies to stay updated on evolving taxpayer sentiments, ensuring that tax policies remain relevant and responsive over time.

Incorporating these recommendations into the policymaking process can lead to a more equitable, transparent, and efficient income tax system that meets the diverse needs and expectations of taxpayers across different categories.

FUTURE SCOPE OF THE STUDY:

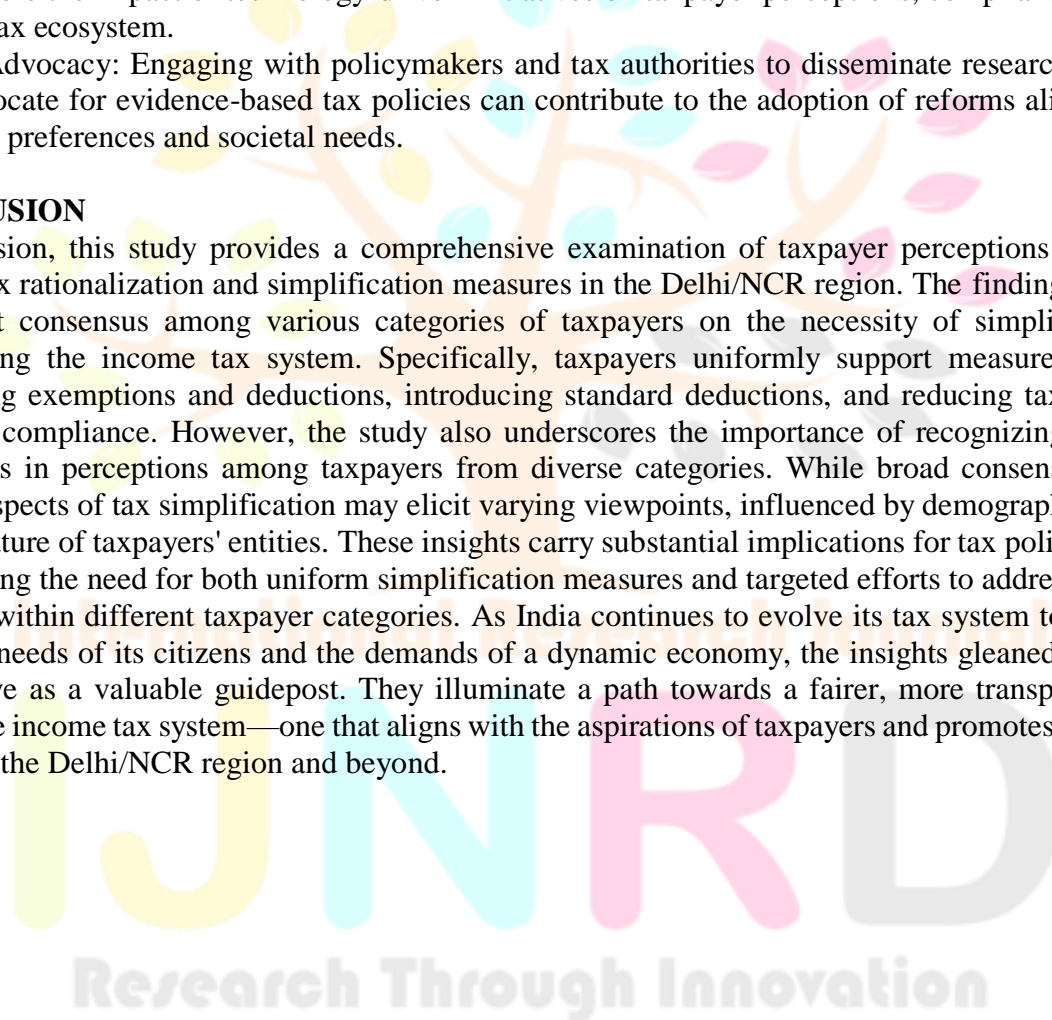
The findings of this study provide a valuable foundation for future research and policy development in the field of income tax reform and taxpayer perceptions. The future scope of this research area includes:

- **Longitudinal Studies:** Conducting longitudinal studies to track changes in taxpayer perceptions over time can offer insights into how attitudes towards income tax rationalization and simplification evolve in response to policy changes, economic conditions, and societal factors.

- **Comparative Analyses:** Comparative studies across different regions in India can help identify regional variations in taxpayer perceptions and the impact of local economic conditions and tax policies. This can inform more targeted regional tax reforms.
- **Demographic Analysis:** Further exploration of the influence of demographic factors on taxpayer perceptions is essential. Analyzing how factors such as age, income level, and education affect attitudes toward tax reform can provide a nuanced understanding of taxpayer preferences.
- **Behavioral Studies:** Future research can delve into the relationship between taxpayer perceptions and compliance behavior. Understanding how taxpayers' views translate into their compliance actions can assist in designing policies that encourage tax compliance.
- **Policy Simulation:** Conducting policy simulation exercises to assess the potential impact of different tax reform scenarios on taxpayer perceptions and economic outcomes can guide policymakers in making informed decisions.
- **Taxpayer Education Initiatives:** Investigating the effectiveness of taxpayer education programs and their influence on perceptions and compliance can help optimize efforts to promote tax awareness and understanding.
- **Digital Transformation:** As tax administration increasingly moves toward digital platforms, research can explore the impact of technology-driven initiatives on taxpayer perceptions, compliance, and the overall tax ecosystem.
- **Policy Advocacy:** Engaging with policymakers and tax authorities to disseminate research findings and advocate for evidence-based tax policies can contribute to the adoption of reforms aligned with taxpayer preferences and societal needs.

CONCLUSION

In conclusion, this study provides a comprehensive examination of taxpayer perceptions regarding income tax rationalization and simplification measures in the Delhi/NCR region. The findings reveal a significant consensus among various categories of taxpayers on the necessity of simplifying and rationalizing the income tax system. Specifically, taxpayers uniformly support measures such as minimizing exemptions and deductions, introducing standard deductions, and reducing tax rates for enhanced compliance. However, the study also underscores the importance of recognizing nuanced differences in perceptions among taxpayers from diverse categories. While broad consensus exists, specific aspects of tax simplification may elicit varying viewpoints, influenced by demographic factors and the nature of taxpayers' entities. These insights carry substantial implications for tax policymakers, emphasizing the need for both uniform simplification measures and targeted efforts to address specific concerns within different taxpayer categories. As India continues to evolve its tax system to meet the changing needs of its citizens and the demands of a dynamic economy, the insights gleaned from this study serve as a valuable guidepost. They illuminate a path towards a fairer, more transparent, and responsive income tax system—one that aligns with the aspirations of taxpayers and promotes economic growth in the Delhi/NCR region and beyond.



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