A CONSIDERATION OF TAX LAW WITH AN INDIAN SET-UP

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ABSTRACT

Every nation's economic prosperity is largely influenced by the tax system it has put in place. Taxation is the government's main source of income. A nation's economy benefits from a tax structure that makes commercial operations straightforward and prevents tax avoidance. There are taxation systems that make it possible to evade taxes on the one hand, and there are taxation systems that make it difficult to evade taxes on the other. The expense of doing business hinders the nation's economic development. Although India's tax structure has undergone multiple adjustments, it is still far from being the ideal one. Numerous problems, including tax evasion, depending on indirect taxes, the growth of a parallel economy, and the use of black money, suggest that the Indian tax system will need to be significantly changed in the future to solve all these problems. Here, the study attempts to assess how India's taxation structure has changed over time. The research piece focuses on the significance of the recently implemented Goods and Services Tax (GST) and how people rely more on indirect taxes than direct taxes.

Keywords: India's System Of Taxation, GST, Income Tax, CGST, SGST

INTRODUCTION

Since gaining its independence, India's tax system has undergone frequent changes. A record number of Committees were formed to look at the required changes to the current tax system. One cannot claim that the Indian tax system and its operations are flawless or that everything is properly systematized even now. The idea of taxation has existed since the beginning of time. There are in-depth debates on taxation in the ancient Indian texts "Manu Smriti" and "Arthasastra." Manu Smriti asserts that the king should set up tax collecting such that the taxpayer is not burdened by having to pay taxes. In 1860, James Wilson created the modern revenue system in India under the rule of the British. More codification was established in the year 1922. The system survived, and in 1961 a fresh attempt was launched with the adoption and implementation of the Income Tax Act of 1961, which is still in force today with a few minor adjustments made by the government's authorities. The Indian Constitution, which

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distributes tax-levying authority to the Union Government and State Governments in accordance with the plan outlined in the VIIth Schedule, legitimizes the right of the Indian government to collect taxes. No taxes may be gathered without legal authorization, according to Article 265, which places restrictions on the state's taxation authority. In addition, a receipt for all taxes paid within India is required. Every year, the State Legislature or the Parliament passes a law called the Finance Bill. The Central Board of Revenue Act of 1924 created the Board as a governmental organization tasked with handling income tax administration. There have been several changes since then. Expert committees were formed to offer recommendations as the tax net grew, such as the Indian Taxation Enquiry Committee (1924–25) and the Taxation Enquiry Commission (1955–34). These committees' sole goals are the clarification of tax legislation, expansion of the tax base, and reform of the income tax division to improve efficiency and productivity.

INDIA'S SYSTEM OF TAXATION

India currently features a three-tier federal tax system that is well-developed and has well-defined power relationships between the Central and State Governments, as well as municipal organizations. Except for agricultural revenue, which is taxed by the State Governments, the Central Government imposes income taxes, customs duties, the Central Goods and Services Tax (CGST), and the Integrated Goods and Services Tax (IGST). The State Goods and Services Tax (SGST), stamp duty, state excise, land revenue, and professional tax are just a few of the taxes that state governments impose. Taxes on real estate, the Octroi Tax, and amenities like drainage and water supply can all be levied by local governments. The Indian tax system mandates that the government collect taxes from its citizens in order to finance public works initiatives and strengthen the nation's economy. Income is defined as "the total of money which any individual or corporation earns within a given period of time from the numerous accessible sources of Income" under Section 2(24) of the Income Tax Act of 1931. It denotes that an individual's primary source of income is the money he receives from his employer after being employed to complete a certain activity as pay and compensation. Similarly to this, a company's income is defined as the money it makes through carrying out its primary business operations. In layman's terms, income is the sum of money that a person receives over a certain period of time.

CONTRAST BETWEEN DIRECT AND INDIRECT TAX

Direct taxes have an immediate effect on the taxpayer. Indirect taxes were initially imposed on dealers or producers, but subsequently, they were imposed on consumers of goods or services. Shifting the burden in the case of direct taxes is challenging because the taxpayer is required to pay the tax. It's possible for the indirect tax to be transferred to others. Due to account manipulation and other techniques, there is a significant chance of evasion in the case of direct taxes. Income stifling Due to the fact that indirect taxes are paid when a good or service is purchased, the potential for tax fraud is constrained. Direct taxes have the potential to lower inflation, but indirect taxation has the potential to raise it as well. The capacity of taxpayers to invest and save is adversely affected by direct taxes. When purchasing fewer non-essential goods and services, indirect taxes may result in increased savings and investment. While indirect taxes are regressive and increase inequality, direct taxes are progressive and reduce it.

In the case of indirect taxes, the government can steer people's purchasing power toward useful commodities by excessively taxing dangerous goods like cigarettes, alcohol, and other items. This helps to create a beneficial consumption pattern. Indirect taxes have lower administrative costs because of convenient and reliable collections. In contrast, direct taxes often have greater administrative costs because of the numerous exemptions, procedures, and conditions that may require the assistance of professional accountants and auditors. When compared to direct taxes, which are only applied to people who fall into certain tax bands, indirect taxes have a wider reach because they are imposed on all members of society through the sale of goods and services.

GST: INDIRECT TAX

A tax called GST is imposed indirectly on the provision of goods and services. Central Goods and Service Tax (CGST), State Goods and Service Tax (SGST), Integrated Goods and Services Tax (IGST), and Union Territory Goods and Services Tax (UGST) are the four main categories of GST. The Goods and Services Tax, or GST, resulted in numerous positive changes to India's fiscal system. Several taxes that were formerly imposed no longer exist. One Nation, One Tax, and One Market become a reality in our nation thanks to GST, not just a lofty ideal. A condition known as the cascading impact of tax occurs when the final consumer of any good or service faces the burden of the tax that must be paid on the tax that has already been determined, resulting in an elevated or inflated price. When the Goods and Services Tax (GST) entered into force on July 1, 2017, a significant portion of the indirect taxes levied by states and the federal government were incorporated into it. The CGST Act will govern the tax, which is levied by the Central Government on intrastate deliveries of both goods and services under the GST system. The same intrastate supply will be subject to SGST as well, but it will be managed by the state government. The Taxes that comes under the Central Goods and Services Tax [CGST] are:-

- Central Excise Duty
- Additional Excercise duty
- Service Tax
- Special Additional Duty on Custom
- Additional Customs Duty is most commonly known as 'Countervailing Duty'

All intra-state supplies of goods and services that are subject to the CGST are subject to the State Goods and Services Tax, or SGST. This indicates that every intra-state supply of goods and services is subject to both CGST and SGST. The SGST covers the taxes are-

- VAT,
- Entertainment Tax,
- Luxury Tax,
- Octroi,
- Tax on Lottery
- Purchase Tax.

By the corresponding Union Territories, they will be assessed on any UGST-related transactions carried out by the Indian Union Territories. Under the Union Territory Goods and Services Tax Act, 2017 the Union Territory Goods and Services Tax (UTGST) is regulated. Union Territories listed in Schedule I of the Indian Constitution are covered by the UTGST Act of 2017. According to this Schedule, there are 29 States and 7 Union Territories in India. Parliament approves the UTGST Act. However, a Union Territory Administrator has been appointed to oversee it (UT). The President appoints an Administrator to serve as the head of each UT. Additionally, such an Administrator has the authority to choose Commissioners and other Officers to carry out UTGST and achieve its goals. According to the UTGST Act, UT Tax is collected in accordance with the Council's recommendations, and the taxpayer is responsible for payment. States and Union Territories make up India's territory, according to

Schedule I of the Indian Constitution. According to this Schedule, there are 29 states as well as 7 Union Territories. Two of these seven Union Territories (UTs) have laws, while the remaining five do not. Indian Territory thus consists of 29 states, (ii) 2 union territories with legislatures, and (iii) 5 union territories without legislatures. In addition, according to the Indian Constitution, each State would have a legislature, whereas each Union Territory would be governed by the President through an Administrator that he would select. However, such a clause has an exception. In other words, the legislatures of Delhi and Pondicherry's UTs have the authority and duties required for their administration. As a result, a State is considered a Union Territory with a legislature under the GST Law. Despite being Union Territories, Delhi and Puducherry have their own legislatures. The UTs of Delhi and Puducherry are consequently treated as States for the purposes of the GST Law and are therefore governed by the respective SGST Laws that they passed instead of the UTGST Act that was afterward passed by the Central Government.

IGST [Integrated Goods and Services Tax] is on the interstate transfer of goods and services. Ie., **IGST= CGST + SGST**.

Only a small number of products are still subject to sales tax or VAT and are not covered by the GST. Several examples are alcohol, gasoline, diesel, natural gas, aviation fuel, and others. Wages and salaries, power, and a few other services are examples of those for which the GST is not applicable. While alcohol has not been included in the scope of the GST because the government wishes to control the price and usage of alcohol, gasoline continues to generate significant sums of income for the states. The GDP of India could increase as a result of the Goods and Services Tax (GST). Taxpayers would be able to breathe easier after the GST is implemented because they won't have to complete several compliances for various states. Only one registration and one return are needed under the GST regime. Additionally, it significantly strengthens the MAKE IN INDIA initiative of the Indian government by luring new foreign investment and reducing manufacturing costs through lower compliance and tax expenditures.

SIGNIFICANT 'GST' CHANGES BEGINNING OCTOBER 1, 2022

A few new GST amendments have recently been enacted that will have a significant impact on taxpayers and companies.

Credit for Input Taxes: A taxpayer's Input Tax Credit (ITC) may be restricted beginning October 1, 2022, if their vendor has done the following:

- Not paid taxes for the specified time or paid insufficient taxes by a specific percentage.
- ITC was used to pay taxes in excess of the maximum allowable limit, or extra ITC was earned as a result of such restriction.
- Registration was completed within such a time frame.

The duration, limit, and percentage of such a restriction have not yet been determined, but they may be in the near future. As a result, greater caution is required when using ITC. Choosing a vendor with valid, recognized credentials will be the only way to use ITC services without running into legal complications.

The deadline for claiming ITC and amending sales/CDN has been extended: The CBIC has extended the time period for claiming ITC and amending sales/CDN under GST Notification 18/2022[1] (including for FY 21-22). As a result, the deadline for claiming ITC, issuing CDN, and amending previous-year returns has been extended until November 30th by notifying section 100 of the Finance Act 2022, which will take effect on October 1, 2022.

E-invoicing: The E-government recently decided to lower the e-invoice threshold limit to Rs.10 Cr. As per GST notification 17/2022[2], firms with an annual aggregate turnover of Rs.10 Cr. or more in any fiscal year beginning in 2017-18 must begin generating IRN (Invoice Reference Number) on October 1, 2022. According to sources, the e-invoice turnover restriction may soon be reduced even further, as taxpayers with a turnover of more than Rs.5 crore are now eligible for Sandbox testing.

GST cancellation Failure to file a return registration: In some cases, Tax Officers have been given the right to withdraw registration. Take note of the following:

- A composite taxpayer neglected to file a return for a fiscal year despite the fact that the deadline had passed three months before.

- Regular taxpayers did not file returns for all available consecutive tax periods as required by law.

GST Refund Services: GST Refunds will be subject to the following GST modifications beginning on October 1, 2022:

[1] Notification (Gazette of India, 18/2022–Central Tax)
[2] Notification (Gazette of India, 17/2022–Central Tax)

- You must submit a GST refund application if you want reimbursement of the excess amount in your GST-PMT-03 or electronic cash ledger.

- Refunds for supplies delivered to SEZ Developers or SEZ Units must be processed within two years of the due date of the GSTR 3B. There were various ambiguities around this matter, most notably the relevant date. Since the problem has been clarified, everything is now clear.

The Consequences of Vendor Noncompliance: If a taxpayer received ITC but did not pay the supplier within 180 days of the invoice date, they must now pay tax and interest. Prior to the usage of ITC, it was proposed that if the buyer delayed payment to the vendor for more than 180 days, interest be levied. However, it was not informed. As a result of the latest revisions, interest responsibility is also accruing. After making the minimum installments, the buyer can still reclaim the credit, but the interest will now be deemed a cost.

GST Return Updates: The government has mandated a number of modifications in relation to GST return filing. All of the modifications are listed below:

- **GSTR-1**: The Statement of Outward Supply (also known as the GSTR-1 Return) must now be filed in chronological sequence. This means that return sequencing is required. The current month's return cannot be filed unless the previous month's return is not filed. Furthermore, the government might impose conditions/restrictions on filling out outbound supply details and communicating with the recipient.

- **Form GSTR-3B:** Filling out GSTR 3B for the present period is restricted if GSTR 1 for the preceding period is not completed.

- **QRP:** Taxpayers who have chosen the QRMP scheme may do so now through self-assessment or in another method specified by the government in the future.

  GSTR-5: Previously, a non-resident taxable person was obliged to file a GST return on form GSTR-5 on a monthly basis by the 20th of the following month under the GST Regime. However, this deadline has been pushed out until the 13th of the following month.

GSTR-8: The late fee would be Rs. 100 per day if the form GSTR-8 is not filed on time. The maximum late fine is 10,000/-.[3]

LEGISLATIONS GOVERNING INCOME TAX

➢ THE INCOME TAX ACT, 1961

In India, the Income Tax Act was passed in 1961. It is a comprehensive statute whose main goal is to regulate the nation's taxation through a number of rules and regulations. The law lays forth the procedures the Indian government must follow in order to administer, levy, reclaim, and collect income tax in India. The act is divided into 23 chapters and 298 sections in order to address all of India's many income tax-related issues.[4] In India, all significant income tax-related clauses are present.

Over the course of a fiscal year, income tax is applied to a person's whole earnings. According to the Income Tax Act, a person can be an individual, a Hindu Undivided Family, a corporation, a firm, an association of people, or a group of people, whether or not it is incorporated. A taxpayer who is assessed must pay taxes or other financial obligations under the Income Tax Act. Assessee is defined in Section 2(7) of the Income Tax Act of 1961. The phrase "any other sum of money" shall include, among other things, interest, fines, penalties, and other taxes. An "assessment year" is a 12-month period starting on April 1 and ending on March 31 of the following year, according to Section 2(9) of the Income Tax Act of 1961. The assessment year, to put it simply is the year that taxes are levied on revenue from the prior year.

The initial budget presentation took place on February 1st, 2022. The Government typically amends its budget recommendations in response to input from the general public and industry professionals; these revisions were presented in the Lok Sabha. According to tax professionals, there are a few modifications that people should be aware of from the perspective of income tax.

1. The updated return option, which was included in Budget 2022, enables anyone who might have neglected to report certain income to submit an amended return within two years of the end of an assessment year. For instance, if you fail to report some revenue

[3] Bhavika Chothani, '7 Major GST Changes from 1st October 2022 Onwards' (*iRIS GST*, November 1st, 2022) <https://irisgst.com/7-major-gst-changes-from-1st-october-2022-onwards/> accessed on 14th November 2022
[4] Income Tax Act, 1961

for the FY 2021–2022 period, this corresponds to the AY 2022–2023 period. You have until FY 2024–2025 to file an updated return.

2. The amount of time allotted by the government for the income tax department to finish assessments has been gradually decreasing. Assessments for AY 2020–21 had to be finished within a year of the assessment year's conclusion, which fell on March 31, 2022. The time frame was further reduced to 9 months starting in AY 2021–2022.
3. The Finance Bill amendments repeated a statement made by the Government in the Lok Sabha. The government responded by making it clear that losses in one cryptocurrency cannot be offset by gains in another. For example, if you earn a gain of ₹100 on bitcoin and a loss of ₹70 on Ethereum, you must pay tax on the sum of ₹100 rather than your net profit of ₹30. Using a 30% slab, this equals ₹30. (not including surcharge and cess). Similar to conventional assets, such as stocks, mutual funds, or real estate, cryptocurrency profits and losses cannot be offset. For instance, you cannot alter the same to lower your taxable income if you made profits of ₹100 on cryptocurrencies and losses of ₹40 on bitcoin.

- **FINANCE ACT:**

A finance act is a piece of fiscal legislation passed by the Indian Parliament to carry out the Central Government's budgetary intentions. It has provisions for income taxes, customs, excise, central and integrated GST, and various cess, exemptions, and reliefs. The Indian parliament receives the budget from the finance minister each year. Any yearly adjustments to the income tax rates and slabs are detailed in the finance legislation. The financial bill is transformed into the finance act after being approved by the president and the parliament. Frequently, certain provisions of the law require clarification in order to explain their meaning because they do not always express it clearly. In order to correct loopholes in the act's provisions, the CBDT (Central Board of Direct Taxes) often prepares circulars and notifications. These notifications and circulars also help to clarify the interpretation of the act's provisions.

- **Changes Brought Forth By The Finance Act Of 2022**[5]

[5] 'Amendments made by the Finance Act 2022 | Highlights' (*Taxmann*, 28 October, 2022) <https://www.taxmann.com/post/blog/amendments-made-by-the-finance-act-2022-highlights/#2222> accessed 20 November 2022

1) Alterations to the alternative tax structure under Section 115BAB made by the Finance Act of 2022

   Finance Act 2022 made alterations to Section 115BAB, which offers a different, more lenient tax system (tax rate: 15%) for new domestic manufacturing enterprises as long as they register on or after October 1, 2019, and they start producing goods on or before March 31, 2023.

Amendment - The scheme of section 115BAB has been changed to move the beginning of the manufacture or production of an article or thing from March 31, 2023, to March 31, 2024, in order to provide relief to the aforementioned enterprises.

2) Section 115BBD of the Finance Act 2022 repeals the concessional tax incidence on dividends from foreign corporations.

   Section 115BBD, which allows for a 15% tax break on dividend income received by an Indian company from a foreign company in which the Indian company holds 26% (or more) of the notional value of equity shares, was revised by the Finance Act of 2022.

Amendment - Starting with the assessment year 2023–2024, the aforementioned section 115BBD regulations will no longer be in effect.

3) Amendment to Sections 115JC and 115JF of the alternate minimum tax scheme for cooperative organizations

   For non-corporate assessees, the alternate minimum tax is governed by Sections 115JC to 115JF (including co-operative societies). Alternate Minimum Tax is now enforced at a rate of 18.5% (+ SC + HEC). However, the alternative minimum tax is computed at a rate of 9% (+ SC + HEC) if income is generated by a non-corporate assessee in a unit located in an International Financial Services Centre.

Amendment - Starting with the assessment year 2023–2024, cooperative societies will be required to pay an AMT (Alternate Minimum Tax) of 15% (+ SC + HEC). The present rate of 9% (in the event that income is produced by a cooperative society in a unit at an international financial services center) will not be changed, though.

4) Section 119(2) (a) gives the Board the authority to issue general or special orders regarding any class of incomes or class of cases to be followed by other income-tax authorities by way of relaxation or otherwise relating to the provisions of certain

sections (such as section 115P/115S/139/211/234A/234B/234C/234E/270A) specified therein, for the purpose of proper and efficient management of the work of assessment and revenue collection.

Amendment: Section 234F states that anyone who fails to submit their income tax return by the deadline set forth in section 139(1) is subject to a fine of Rs. 5,000. Currently, clause (a) of section 119 does not specifically address this section (2). The unintended result of applying section 234F could be the imposition of fees on people who genuinely have trouble filing their income tax returns by the deadline (like members of the armed forces stationed in remote regions with no access to the requisite infrastructure). The reference to section 234F has been added (with effect from April 1, 2022) to the list of sections mentioned in section 119(2) (a) in order to enable the Board to issue such orders or instructions, as it deems fit, while also taking into account the genuine hardships faced by certain classes of persons in filing return of income and not to impose a fee for a default which is outside of their control.

THE ROLE OF TAX IN THE INDIAN ECONOMY

The direct tax, sometimes known as the income tax, contributes less to the Indian economy than the indirect tax. Because income tax is assessed based on the income generated by an individual and is capped at a certain level, it is lower in the Indian economy than in other developed nations. Only income tax is assessed on income that is above the set threshold; however, in India, the majority of people earn less than the threshold, hence their income is free from income tax. Only a small portion of India's total population earns more than the allowed amount, and only this income is subject to income tax. In India, there is a progressive income tax system, which implies that the rich pay a greater rate of tax while the poor pay a lesser rate. The direct tax or income tax contributes very little to the Indian economy because very little revenue is generated from it. Of the small portion of the population whose income exceeds the established limit, a very small number of people fall into the richer section group on whom a high rate of income tax is imposed. On the other hand, since indirect taxes are collected on products and services rather than on income, they have a greater economic impact on India. People's income In the case of indirect taxes, the cost of goods and services is fixed, and the tax is included in the price. There is no difference between affluent and poor people because everyone pays the same prices for goods and services. The same amount of tax is thus collected from both affluent and poor consumers because they pay the same price for goods and services, which eventually increases revenue from indirect taxes, which are India's largest source of tax revenue and are crucial to the Indian economy. You may gauge how significant income tax is to the Indian economy by looking at the percentage of revenue it generates. Income tax receipts have made up 40.24 percent of total direct taxation receipts in India over the past six years.[6]

INCOME TAX'S IMPACT ON A PERSON'S LIFE

People's lives are significantly impacted by taxes in a number of different ways. For instance, the imposition of a tax on an individual's income decreases that individual's available income (the amount available to the person to spend as he pleases). A person will spend less on necessities if their disposable income is reduced. A person's capacity to work will suffer and his ability to make more will be limited, which will have an effect on his saving and investment goals, for example, if he is unable to buy the essentials that improve his working efficiency. Because poor people's earnings are already low, adding taxes to them has a significant impact on their income, whereas rich people's earnings are higher, and adding taxes to them has little of an impact on their income. This is because taxation affects the poor more than it affects the rich because the latter have higher earnings.

The imposition of taxes has a detrimental effect on an individual's willingness to work because the taxes levied on an individual's earnings are continuous, which means that the individual must pay taxes on his earnings not just once a year but every year. This has an effect on the individual's psychology because he feels that there is no benefit in working more hours because he must give up a portion of his earnings. As a result, there is a reduction in people's willingness to work, which has an adverse effect on the nation's overall productivity. In this approach, it can be demonstrated that taxation serves as a disincentive, influencing people's psychology to perform their duty as skillfully as possible. Additionally, the standard of living in the country will decline as people start to think that they won't be able to work longer hours. Additionally, by choosing not to put in longer hours, people are negatively impacted in terms of their savings and investment goals, which will have a significant negative effect on the nation's revenue in addition to their level of life.

EXPLICIT JUSTIFICATION FOR INDIA'S POOR INCOME TAX COLLECTION

[6] Ritika Muley, 'Economic Effects of Taxation: Top 6 Effects' (*Economics Discussions*) <Economic Effects of Taxation: Top 6 Effects (economicsdiscussion.net)> accessed 21 November 2022

The government may not be able to meet its budget deficit objective because of lower income collection brought on by tax evasion. Tax evasion happens when a person hides his taxable income through dishonest methods such as falsifying financial statements, keeping secret receipts and sales records, and keeping secret account and sales logs. Black money and tax evasion are tools used by these organizations to control the economy. Since taxes are the government's main source of income, tax evasion prevents the economy of the nation from expanding. Tax dodging is illegal, even though using deductions and declaring a low income to get out of paying taxes is legal. The tax system needs to be able to differentiate between the two. Tax evasion is mostly caused by high tax rates, which can be decreased by lowering the tax rate. Public party accounts must undergo routine audits. Income from agriculture that is not subject to tax Buying agricultural land and declaring the revenue under that title is an easy way to avoid paying taxes, according to Section 29. A person is not required to pay any taxes on any of their unlimited agricultural income. If any head is exempt from taxation, it means that not only does the farmer benefit but also anyone else who wants to hide their money and escape responsibility can do so by using this head.

Approximately 60% of people in India are landowners, according to reports. Politicians and the wealthy own all agricultural income.[7] Most of the black money is converted to white money by proving agricultural exemption. This is becoming a well-liked technique for avoiding taxes and hiding illegal income. The exploitation of this tax-free status is something the government is fully aware of. Tax evasion can be eliminated if a suitable legislative framework is created to monitor these issues.

SUGGESTIONS & CONCLUSION

Although the tax department has cutting-edge technology, adjustments to the administrative and procedural aspects might be needed. The facts and figures used by the tax authorities must be made available to the public. The statute should prohibit the use of information in foreign tax transactions collected by departmental officials and assessing officers from unsupported, private sources. Foreign corporate enterprises must exercise caution before establishing a presence in India because it is a high-tax country. Selecting a suitable sales channel, figuring out the nature of the business and its operations, and selecting distributors. In order to

[7] 'Slide in farm size, but women land owners rise: Agri census' (*Times of India*) <https://timesofindia.indiatimes.com/india/slide-in-farm-size-but-women-land-owners-rise-agri-census/articleshow> accessed on 24 November 2022

encourage taxpayers to work longer hours and to the best of their abilities, the government could potentially try to offer them specific tax benefits. In addition to advancing the economy, this will enhance people's quality of life. The state of the nation's economy is significantly impacted by taxpayers' financial circumstances. To enhance employment prospects for people from diverse backgrounds, the government should make an effort. Due to the fact that the bulk of the population only pays a small percentage of taxes, a small proportion of people escape their tax obligations by filing false income statements. All revenues, including agricultural income, should be digitalized in order to address the problem of black money and tax evasion. For the goal of exemption, a proper method for calculating actual agricultural revenue should be developed.