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Indian Tax Structure and its Role in Developing India: A Critical Analysis

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ABSTRACT

The current research is focusing on a critical analysis of the Indian Tax Structure and its role in the developing India. The country's economic prosperity is determined by its tax structure, which is the primary source of government revenue. The simple concept of a taxation system is to make it easier for businesses to operate. This system helps a country's businesses grow and create jobs, but it also allows for the evasion of taxes. Unfortunately, the cost of doing business can prevent a country from achieving its goals. Since taxation is one of the most important factors in affecting country's development, India has developed a well-designed tax system. According to the Indian Constitution, the levying of taxes and duties rests with the three levels of government. Despite the various revisions that have been made to India's taxation system, it is still not an ideal system. Several issues, such as tax avoidance, black money, and reliance on indirect taxes, indicate that the country will need to make significant changes in the future. A wide range of data have been obtained from the many official web pages of the Indian government. It is apparent that the nation offers an extensive array of taxation and revenue collection authorities. This study aims to analyse the evolution of the country's taxation system and its current status. The study uses both primary and secondary data available in different index journals to reach at its conclusion.

***Keywords**: Indian economy, Economic growth, India Tax Structure, Evolution of Indian Tax structure.*

I. INTRODUCTION

Political leaders, investigators, and regulatory authorities have been paying close attention to the study on the potential link between tax structure and growth performance for various factors. First, an immense amount of revenue generated by taxes from developing and emerging economies must be raised to ensure the smooth and successful functioning of the federal government at both the national and subnational levels. In many emerging nations, the groundwork for the Goods and Services Tax (GST) has been set by globalisation. Developing nations struggle to preserve current tax revenues as a result of competitiveness. Second, tax

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burden has a distorting effect on the economy due to tax collection and structure. As a result, the beneficial as well as adverse effects of taxation complicated the connection between tariffs and development, and the kind of taxation a nation charges significantly impacts the manner in which the economy expands. Examining the connection between taxation and economic development in a budget-constrained economy such as India allows us to select the most appropriate course for proceeding toward a more equitable and inclusive growth process. In general, a decline in government expenditures or a spike in revenue from taxes is used to alleviate an economic issue. As a result, the nation's primary objective is economic elimination with performance for a long-term expansion, which means that tax regulations are essential.[3]

(A) Objectives

This research paper's primary topic is;

1. To discover how the Indian tax structure contributes to the country's development.
2. To acquire an in-depth knowledge of the tax structure and its numerous possible uses.

(B) Conceptual understanding

GST, Economic growth, Indian Tax Structure, Evolution of Indian Tax structure

Economic Growth: Economic growth is defined as an increase in the production of goods and services when comparing two periods of time. It can be computed either nominally or in real (inflation-adjusted) terms.

Indian Tax Structure: The Indian tax system's three-tier federal structure is well-designed. The tax structure is made up of the federal government, state governments, and local municipal bodies.

GST: The majority of goods and services sold for domestic use are subject to the goods and services tax (GST), sometimes known as the value-added tax (VAT). Consumers pay the GST, but businesses that sell the goods and services are accountable for remitting it to the government.

Evolution of Indian Tax Structure: Sir James Willson formally implemented the tax in India in 1850. He served as India's finance minister before independence. During the first union budget meeting held under British rule, he introduced the tax. The turning point in Indian taxation was the Indian Income Tax Act of 1860.

(C) Methodology

[3] Muley, R. (2016) *Economic effects of taxation: Top 6 effects*, *Economics Discussion*. Available at: https://www.economicsdiscussion.net/government/taxation/economiceffects-of-taxation-top-6-effects/17454 (Accessed: 26 October 2023).

The current work focuses on the following concepts and their related issues. For gathering facts and inputs the author used books, news clips, websites, journals, articles, government statistics, and other sources to acquire information.

II. Theoretical Analysis

For decades, taxation has served as the primary source of revenue for countries all over the world, including India. Income and profit taxation, retirement savings contributions, levies on commodities and services, employment-related taxes, levies on the purchasing and transfer of assets, and various other taxes collectively contribute towards tax revenue. The nation possesses a systematic tax framework that is established by both the federal and state governments and incorporates both forward-thinking and equitable taxation in accordance with income and other criteria.[4]

Taxation is the government's most significant and primary source of revenue. The government makes use of the revenue it receives from taxes for a wide range of endeavours, including building public infrastructure (roads, trains, bridges, dams, etc.), public healthcare, public education, and civil services, to name a few.

The framework of taxes consists of the federal government, the state governments, and local municipal bodies. Customs duty, federal taxation on excise, tax on income, and tax on services are just a few of the taxation imposed by the Indian federal government. Agriculture-related revenue is subject to taxation, including state taxation on excise, professional levy taxes, property taxes, and stamp duties. Local governments may collect the Octroi, tax on property, along with additional taxes on multiple services such as water and drainage supplies.[5]

Based on how it is applied, taxes can be broadly categorised into two groups: Direct tax and Indirect tax.

Direct taxes: They are charged against a particular person and paid right away to the government's account. The Central Board of Direct Taxes (CBDT) is in charge of the administration of this tax. Tax on income, tax on wealth, taxation on gifts, tax on capital gains, securities transaction tax, and corporate tax are a few examples of substantial direct taxes.

Indirect taxes: These are fees that are levied on the general public in an indirect way. The vast majority of these are repaid in the form of services or goods. The seller includes these taxes in

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[4] *Taxation in India: Indian Tax System & Structure: Invest India* (no date) *Understanding the Indian Tax System | Invest India*. Available at: https://www.investindia.gov.in/taxation (Accessed: 26 October 2023).
[5] *Taxation in india- historical background, types & more for UPSC!* (no date) *Testbook*. Available at: https://testbook.com/ias-preparation/taxation-in-india (Accessed: 26 October 2023).

the price, and appropriate government departments subsequently collect them. A few important indirect taxes are tax on sales, services, and goods tax, VAT, customs duties, toll tax, and octroi duty.

In the past, indirect taxes levied against taxpayers included tax on services, tax on sales, value-added tax or VAT, central excise duty, and duty on customs. However, beginning July 1, 2017, the services and goods tax (GST) regime has replaced all indirect taxes levied by the state and federal governments on goods and services of any kind.[6]

III. Analytical Studies

(A) Evolution:

a. The Origins of the Indian Tax System

In India, the taxation system dates back to a long time ago, well before independence. Reputable Indian texts like the Manusmriti and Arthashastra, the manuals of law and economics, respectively, make mention of taxes. Both specify how taxes should be collected and emphasise the value of a just tax system for the wellbeing of the nation and its inhabitants. Since then, taxation has advanced significantly. The 1800s saw the introduction of the formal tax system. Let's examine the development of taxation![7]

(B) Brief History of Taxation in India:

a. Manusmriti and Arthashastra

Manusmriti, the first known source of Indian taxation, advises the king to collect and administer taxes in a way that is equitable to his subjects. According to the provisions stated in it,

- Traders must pay 20%, or one fifth of their income.
- 20% of their income, or one fifth, must be paid by artisans.
- According on the circumstances, farmers are required to pay 1/6th, 1/8th, or 1/10th of the crop's output.

The Arthashastra, which was written in the third century BCE, covers a variety of topics, including politics, economics, military strategy, and state administration. The wealthy pay higher taxes than those who are less fortunate, according to the book. Also, it lowered the tax rate for farmers to 1/6th of the land's output. Also, during emergencies, taxes on import, export,

[6] *Types of taxes* (2021) *INSIGHTSIAS*. Available at: https://www.insightsonindia.com/indian-economy-3/taxation-system-in-india/types-of-taxes/ (Accessed: 26 October 2023).
[7] *Knowledge base* (no date) *History of Taxation in India – Tax Structure from Past to Present.* Available at: https://www.levare.co.in/articles/history-taxation-india (Accessed: 26 October 2023).

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tolls, and income are mentioned. Kautilya devotes a substantial portion of the Arthasastra to financial subjects, especially financial management. According to a renowned statesman, the collecting of taxes on land became an important source of revenue for the administration within the Mauryan system, especially as it was associated with the agricultural sector.[8]

b. Income Tax Act 1860

The income tax system as we know it today first entered the picture in the year 1860, while ancient scriptures have played a significant influence in the development of taxation in India. During the country's British history, Sir James Wilson introduced it. The taxing measures were developed to make up for the damage the 1857 military mutiny caused to the British government at the time.

c. Income Tax Act 1886

The Indian Income Tax Act was passed in 1886. Since then, there have been several adjustments to the tax legislation. In accordance with this, a tax was imposed on four types of income: salaries, pensions, and gratuities; company net profits; interest on securities; and income from other sources.

d. Income Tax Act 1918

In April 1918, a new Income Tax Act was enacted that made a number of amendments to the earlier Act. Among the many modifications, it was mandated that when calculating taxable income, the deductions and receipts of a one-time or irregular nature that happened during commercial and professional transactions also be considered.

e. Income Tax Act 1922

The Income Tax Act, passed in 1922, is a turning point that helped us arrive at the current tax system and rules. It aids in the development of an effective tax administration system in India and offers flexibility to the income tax structure there. Up until 1961, it remained in effect.

f. Income Tax Act 1961

The Income Tax Act was created in 1961 with input from the Ministry of Law after countless revisions to the earlier laws. The Act, which is applicable to all of India, including Sikkim and Jammu and Kashmir, went into effect on April 1st, 1962. The Central Board of Direct Taxes was created as a result of the division of the Central Board of Revenue (CBDT).

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[8] *Income Tax Department* (no date) *History of Direct Taxation*. Available at: https://incometaxindia.gov.in/Pages/about-us/history-of-direct-taxation.aspx (Accessed: 26 October 2023).

g. **Current Status:**

Presently, the Act of 1961 governs how our taxable income is calculated, what tax bracket we belong into, how much tax we pay, and which tax-saving investments we make. According to this Act, tax is currently levied on income under five separate headings:

- Earnings from a salary
- Income from a profession or business
- Obtaining Capital Gains Income
- Income from a home investment
- Revenue from unrelated sources

The tax implications for each category of persons are altered each year at the Union Budget session with the goal of enhancing governmental activities that benefit us. According to the most recent modifications, tax is waived for individuals, HUFs, and NRIs with annual incomes under 2.5 lakh rupees. In addition, due to the current COVID 19 problem, seniors over 75 are excluded from filing tax returns. Both the old and new tax regimes, from which we can select to pay our taxes today, offer a number of exemptions and deductions that can help you save more money. Included in this are the best tax-saving investments, such as life insurance premiums, maturity payouts in some circumstances, ULIPs, provident funds, national pension schemes, house rent allowances, etc.[9]

Over the last few years, the federal government and several State Governments have adopted a slew of policy modifications and process simplification initiatives in an effort to improve procedure certainty, fairness, and automation. As a result, India jumped 79 places in the "World Bank's Ease of Doing Business Ranking 2020," from 142nd in 2014 to 63rd in 2019, pushing India towards the top one hundred in the World Bank's Ease of Doing Business (EoDB) ranking in 2019. The Goods and Services Tax also known as the GST, reform is one of these measures to simplify India's complex multiple indirect tax structure.[10]

(C) GST:

The Goods and Services Tax, or GST, constitutes a multi-stage, all-encompassing tax system that is utilized for taxing the sale of both products and services. This levying plan, which is

[9] *Tax system* (no date) *alt*. Available at: https://www.startupindia.gov.in/content/sih/en/international/go-to-market-guide/tax-system-india.html (Accessed: 26 October 2023).
[10] *Taxation in India* (2023) *Wikipedia*. Available at: https://en.wikipedia.org/wiki/Taxation_in_India (Accessed: 26 October 2023).

utilized throughout India, is intended largely to limit the cascading impact of additional indirect taxes. The majority of countries that employ the Goods and Services Tax (GST) operate under a single, interconnected GST system, which ensures that one rate of taxation is applied uniformly. State-level taxes such as the arts and entertainment taxation, admission tax, transfer taxation, sin tax, and tax on luxury items are coupled with central taxes such as tax on sales, excise duty taxation, and service tax in order to be paid as a single tax in a country via a single GST platform. These countries have a single tax rate on practically everything.[11] The GST was initially implemented in France in 1954, and it has subsequently been adopted in various versions by 140 countries. GST is used in Canada, Vietnam, Australia, Singapore, the United Kingdom, Spain, Italy, Nigeria, Brazil, and India, to name a few countries. The GST has largely eliminated the cumulative impact on the sales of products and services. The absence of the cascading influence has changed the price of things. The GST model eliminates taxation on taxation, lowering the overall price of goods.[12] Furthermore, technological advances play a significant part in GST. All duties, comprising authorization, return filing, refund claims, and notice response, must be conducted online through the GST site, which speeds up the process. During the pre-GST era, every purchase, such as the final purchase made by the customer, paid tax on tax. This levied scenario is referred to as the cascading influence of taxes. GST reduced the cascade effect. The GST tariffs for different products and services are imposed uniformly across the country. However, several taxation slab rates have been applied to different kinds of products and services. While the fundamentals are included in the cheaper and zero slab rates, extravagant and luxurious items are classified as higher slab pricing. The major purpose of this categorization is to ensure equal distribution of financial resources among Indian inhabitants. After the Goods and Services Tax (GST) came into effect as a new indirect tax regime on July 1st, 2017, it caused a lot of concern about how the new taxing system would affect businesses and tax payments. Integrated Goods and Services Tax (IGST), State Goods and Services Tax (SGST), Central Goods and Services Tax (CGST), and Union Territory Goods and Services Tax (UTGST) are the four different versions of GST. Each of them imposes taxes at a different rate.

a. Integrated Goods and Services Tax (IGST)

The Integrated Goods and Services Tax (IGST) is a tax levied under the GST regime on goods that are imported or exported, and interstate (between two states) supply of items and/or

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[11] *Goods and services tax (GST) what is GST in India? Indirect Tax Law explained* (no date) *cleartax*. Available at: https://cleartax.in/s/gst-law-goods-and-services-tax (Accessed: 26 October 2023).

[12] *Brief history of GST: Goods and services tax council* (no date) *Brief History Of GST | Goods and Services Tax Council*. Available at: https://gstcouncil.gov.in/brief-history-gst (Accessed: 26 October 2023).

services. The IGST Act is in charge of the IGST. The IGST is collected by the Central Government. After the taxes have been collected, the Central Government allocates them among the states. For example, because the transaction was interstate, the IGST might have been applicable if an Odisha merchant sold things valued Rs. 5,000 to a Maharashtra consumer. If the rate of GST applied to the products is 18%, the trader is expected to charge Rs. 5,900 for them. The indirect sales tax (IGST) collected in the state would be paid to the central government in the amount of Rs. 900.[13]

b. **State Goods and Services Tax (SGST)**

On intrastate (inside the same state) transactions, the State Goods and Services Tax, or SGST, is a tax under the GST framework. In the case of an interstate shipment of goods and/or services, both State GST and Central GST are levied. Regardless, the state levies the State Products and Services Tax (SGST) or GST on all products and services purchased or sold within the state. It is governed by the SGST Act. The SGST money can only be claimed by the corresponding state government. For example, if an Uttar Pradesh merchant provides products worth Rs. 5,000 to an Uttar Pradesh consumer, half of the GST that occurs in the trade will be the CGST and half will be SGST. If there is an 18% goods and services tax charge, it will be divided proportionately into 9% CGST and 9% SGST. In this case, the merchant is going to charge an overall amount of Rs. 5,900. The Uttar Pradesh state administration would earn Rs. 450 in SGST from the Goods and Services Tax (GST) income received under the title of SGST.[14]

c. Central Goods and Services Tax (CGST)

The Central Goods and Services Tax (CGST), like State GST, is a tax within the GST regime that is levied on internal (inside the same state) transactions. The CGST Act governs the CGST. The Central Government is in charge of collecting the CGST income. As previously indicated, if a merchant in Gujarat traded goods worth Rs. 5,000 to a client in Gujarat, the GST imposed on the transactions would be divided into 50/50 between CGST and SGST. If the rate of GST is 18%, the 9% CGST and 9% SGST will be shared evenly. In this case, the trader will charge Rs. 5,900. The government at the national level would receive Rs. 450 as CGST from the GST revenue received under the CGST heading.

d. Union Territory Goods and Services Tax (UTGST)

The Union Territory Goods and Services Tax, or UTGST, is a variation of the State Products

[13] *Types of GST in India: CGST, SGST, IGST & UTGST* (2023) *Digit Insurance*. Available at: https://www.godigit.com/gst/types-of-gst-in-india (Accessed: 26 October 2023).
[14] Ibid.

and Services Tax (SGST), that is levied on the delivery of goods and/or services in India's Union Territories (UTs). The UTGST is applicable to the provision of goods and/or services within the Andaman and Nicobar Islands, Chandigarh, Daman Diu, Dadra and Nagar Haveli, and Lakshadweep. The UTGST Act establishes rules and regulations for the UTGST. The Union Territory government is responsible for collecting UTGST revenues. In Union Territories, the UTGST took the place of the SGST, which means that the UTGST will be enforced in addition to the CGST. The amount that the federal, state, and local governments collected through direct and indirect taxes is detailed in Table no.1 below:

Table No.1 REVENUE RECEIPTS in Rs.Crore[15]

Revenue Receipts	**2013-14**	**2014-15**	**2015-16**	**2016-17**
Direct tax	648966	703508	763454	862077
Indirect tax	1230177	1336518	1620967	1822307

Disclaimer:2017-18 data is not taken into consideration

IV. Future

The new Tax Regime will be the future of Indian Tax System. In the new tax system, the income tax rebate maximum was increased from Rs.5 lakh to Rs.7 lakh by Finance Minister Nirmala Sitharaman while the number of tax slabs was decreased to five. The old, exemption-based tax system will still be an option for citizens, but the new one will be the default. After all, this programme offers cheaper taxes for anyone making up to 15 lakh rupees a year. An individual earning Rs.15 lakhs would now pay 1.5 lakh, or 10% of their income, a 20% decrease from the prior rate of 1,87,500. Additionally, the relocation will lessen the employer's and employees' compliance burdens associated with requesting and verifying invoices. Therefore, it may very well be how things develop in the future. Automated taxes is the way to the future. The new online tax filing system from the finance ministry will aid in growing the tax base by speeding up the process of registering new taxpayers and allocating them a permanent account number.[16]

Along with the online filing of GST returns, the GST regime has also brought in a number of new mechanisms. They are as follows:

(A) e-Way Bills

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[15] (No date) *Indian Public Finance Statistics | Department of Economic Affairs* ... Available at: https://dea.gov.in/indian-public-finance-statistics (Accessed: 26 October 2023).

[16] PricewaterhouseCoopers (no date) *Future of tax, PwC*. Available at: https://www.pwc.in/future-of-tax.html (Accessed: 26 October 2023).

The introduction of "E-way bills" under GST resulted in a consolidated system of waybills. This system was gradually implemented on April 1st for the intra-state movement of products as well as on April 15th for the inter-state transportation of commodities. Manufacturers,

traders, and carriers can simply create e-way bills of goods that are transported from their point of origin to their destination on an agreed-upon platform using the e-way bill system. Tax officers have benefited from this strategy since it reduces the amount of time spent at inspections and aids in the reduction of tax evasion.[17]

(B) E-invoicing

Businesses with annual aggregate sales of more than Rs. 500 crore in any previous fiscal year (as of 2017-18) must begin using the e-invoicing system by October 1, 2020. This approach was also made available to those with a collective annual revenue of more than Rs. 100 crore beginning January 1, 2021. In order to get a unique invoice identification number for each and every business-to-business invoice, these organizations must sign up for the invoices they generate through the GSTN's invoice registration system. The gateway checks the invoice's accuracy and authenticity. To authorize, a digitally signed document and a code with a QR code are utilized. E-invoicing enables invoice interoperability while also reducing data entry errors. Using this technology, the gateway for GST and the electronic bill payment site will receive information about invoices directly from the IRP. As an outcome, registering the GSTR-1 is going to eliminate entering data manually, and it will also make creating e-way invoices easier.

Future Income Taxes are income taxes that are delayed due to differences between net income declared on financial statements and tax returns, for example. Two values are produced when net income is calculated using various techniques or across various time frames. One is for tax purposes, and taxes will differ from the other, which is for financial purposes. For the purposes of financial reporting, this discrepancy generates a future income tax liability or benefits. Accounting entries are made to a financial statement as an adjustment or reversal to account for discrepancies between net income recognised and reported for tax and financial purposes. On their financial statements, taxing authorities view net income and taxes in a different light than do businesses. The quantity or time of when income or expenses are recognised is where the biggest differences lie. Future income taxes come in two flavours: future income tax liabilities,

[17] Standard, B. (no date) *Business standard opinion, BS Opinion, BS Columns, BS Letters, expert opinion & views, Editorial Column, Business Standard*. Available at: https://www.business-standard.com/article/opinion/the-future-of-taxation-is-automation (Accessed: 26 October 2023).

or future income tax advantages. Deferred income tax liabilities are upcoming tax liabilities.[18] These unpaid taxes from income that has already been earned are included in these future tax liabilities. Deferred income tax assets are future tax benefits. Taxes due on income received but not yet earned are the subject of these future income tax benefits.[19] Determine if taxable income and expense grow or decrease with the temporary difference in order to identify future tax as a liability or advantage.[20] Although there have been some teething issues with the GST, it has the potential to simplify tax collection and boost compliance.

- **Technology's use in tax administration:** The government has been spending money on technology to increase tax collection and decrease manual intervention. The establishment of the Tax Information Network (TIN) and the adoption of Aadhaar, a biometric identity system, for tax filing are only two examples of initiatives that have improved the effectiveness and transparency of tax administration.
- **Increased surveillance of high-value transactions:** The government has been tracking high-value transactions and locating tax evaders using data analytics. Due to a recent modification to the Income Tax Act, high-value transactions like real estate purchases and international flights must now be reported.
- **Putting the spotlight on tax benefits for start-ups and small businesses:** To promote entrepreneurship and job creation, the government has been offering tax incentives to start-ups and small enterprises. It is anticipated that programmes like the Startup India initiative and the lowering of corporate tax rates for small firms will increase investment and economic growth.
- **International tax conformity:** India has been bringing its tax regulations into line with global norms and taking part in international projects like the Base Erosion and Profit Shifting (BEPS) programme of the OECD. This could help global corporations doing business in India to better comply with tax laws.

Indian tax officials are also computer literate. They've also helped taxpayers through online application completion, enrolment, paying taxes and submission, reconciliation, investigating credits for taxes, and collecting refunds from the relevant authorities. The digitally equipped provide the capacity to participate in the assessment of taxes through the internet and save time

[18] Gupta, S. and Parekh, P. (2022) *India - recent developments in the international tax regime for other countries*, *EY US - Home*. Available at: https://www.ey.com/en_in/tax/india-recent-developments-in-the-tax-environment-for-multinationals (Accessed: 26 October 2023).
[19] Financial Accounting Standards Board. "Summary of Statement No. 109
[20] Zacks. "Tax Payable vs. Deferred Income Tax Liability

by minimizing trips to the tax office offline, quickening the pace. Along with the Goods and Services Tax, the indirect tax is administered online. As with customs, IT systems are employed as a risk management tool for picking up the returns for inspection.[21]

Overall, growing use of technology, an emphasis on compliance, and targeted tax incentives for particular industries are expected to characterise India's tax system in the future.[22]

V. FINDINGS

- India has a multiplicity of taxes due to the large number of taxes and many collecting agencies.
- Indirect taxes are heavily relied upon to generate income. Nearly twice as much money is raised through indirect taxes as it does through direct taxes.
- Direct taxes and indirect taxes both have advantages and drawbacks of their own.
- Corporation tax and income taxes are the two main types of direct taxes.
- The main elements of indirect taxes are customs, excise duty, and service taxes.
- The amount spent on tax collection is rising year over year.

VI. CONCLUSION

Despite the tax department's cutting-edge technology, administrative and procedural changes may be required. The public must have access to the data and numbers utilized by the tax authorities. The Act should forbid the use of information obtained from unsubstantiated, private sources by departmental employees and assessing officers in overseas tax transactions. Because India is a high-tax country, foreign corporate firms must take prudence before creating a presence there; identifying a good sales channel, determining the scope of the organization and how it operates, and picking distributors. To motivate citizens to work more and more hours at their place of employment, the government may try to grant them particular tax breaks. This will improve people's standard of living while also developing the economy. The financial situations of taxpayers have a considerable impact on the overall condition of the nation's economy. The federal government ought to put forward an effort to improve work opportunities

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[21] India, legal S. (no date) *Lawyers - our offices in India*, *Lawyers in India - Advocates*,*Law Firms*,*Attorney directory*,*Lawyer*,*vakil*. Available at: https://www.legalserviceindia.com/legal/article-7904-how-is-technology-influencing-various-dimension (Accessed: 26 October 2023).

[22] *Goods and services tax (GST) what is GST in India? Indirect Tax Law explained* (no date a) *cleartax*. Available at: https://cleartax.in/s/gst-law-goods-and-services-tax (Accessed: 26 October 2023).

for persons from varied backgrounds.[23]

In spite of the fact that the tax system has historically been complicated, recent changes like the implementation of the GST have made it simpler and cost less to comply with the law. For the government, the tax system is a significant source of revenue, and efficient tax administration and compliance are essential to ensuring appropriate revenue generation. By offering tax breaks to particular industries, including start-ups and small enterprises, the tax system can also be utilised to promote economic growth. Additionally, wealth redistribution and social equality are promoted by progressive taxation, which can aid in reducing income disparity.[24]

The government must keep working to make the tax code simpler, lower tax rates, encourage investment, and assure efficient tax administration if India is to advance economically. Through these initiatives, the economy can flourish, income inequality can be reduced, and public services like healthcare, education, and infrastructure development can be funded.

In conclusion, India's tax system is very important part of the growth process and path towards the development of the country.

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[23] (No date a) *(PDF) Indian tax structure- an analytical perspective - researchgate*. Available at: https://www.researchgate.net/publication/301477841_INDIAN_TAX_STRUCTURE-_AN_ANALYTICAL_PERSPECTIVE (Accessed: 26 October 2023).

[24] Law Corner (2022) *Taxation system in India*, *Law Corner*. Available at: https://lawcorner.in/taxation-system-in-india/ (Accessed: 26 October 2023).

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- 40 (2019)
- M. Govinda Rao, Tax reforms in India- Achievements and challenges, 7 Asia Pacific
- Development, 59, 66-69 (2000)

(B) Statute:

- Income Tax Act, 1961
- Finance Act

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