

A Case Study Of Prevent The Tax Evasion Circumvention Towards Black Money In India

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ABSTRACT: Tax evasion in India is a genuine undertaking and for any defaulters or fraudsters, the Income-Tax Act accommodates sufficient repercussions. The investigation has made an endeavor to survey the general profile of tax evasion and black money in India, especially regarding causes, effects and government activities. Tax evasion happens when people purposely neglect to conform to their tax commitment. The subsequent tax income misfortune may make genuine harm the best possible working of the public sector, undermining its ability to finance its essential costs. The outcomes demonstrate that tax evasion and black money has been growing quickly in India just as in creating countries. It is obvious from the examination that government of India previously presented different commissions for evaluating black economy however estimation reports are not same. This examination additionally explored the outline of the assessment of tax experts with respect to the tax evasion in India, portraying the quantity of elements responsive for tax evasion and analyzing the potential solutions for diminish the issue of tax evasion. The Indian government is increasingly worried about the predominance of the tax evasion and black money and different commissions are framed for controlling it yet results are not all that great. Along these lines, the paper proposes that suggestions of the commissions or laws ought to be executed accurately for lessening terrible impacts of tax evasion and black money and need of isolated direct tax code. The examination shows that there is a huge positive effect of taxation on the economic development of India with Income tax being least viable. Corporation tax apart from other taxes was found to be one of most productive in such a shorter extent of time since its obligation. To control the generation of black money there should be a strong and appropriate legislative framework.

KEYWORDS: tax evasion, black money, economic development, GDP, real estate, income tax law.

INTRODUCTION: People earning millions of rupees are out of tax section. Wellsprings of income of numerous individuals in the city are not in notice of government. Because of this, a few people are being rich step by step while numerous others are being more unfortunate. Hole among haves and the less wealthy is developing yearly. Nation has been experiencing assets requirement, serious destitution, reimbursed development of populace, expanding joblessness rate, etc. As Income tax is the best device in majority rules system for the government to manufacture welfare state. We have Income Tax Department to viably actualize of Income tax law however why enormous quantities of individuals still are having property without having clear source and without paying tax ? This is the issue being seen at any rate by specialist as an educated resident. Notwithstanding Income tax and tax organization, issue of tax evasion likewise goes under this exploration study whose goal is additionally to make me ready to respond to this question and propose essential route forward to the concerned position. This examination will endeavor to research the outline of the assessment of tax experts with respect to the tax evasion in India, depicting the quantity of variables responsive for tax evasion and look at the potential solutions for lessen the issue of tax evasion& black money age. More or less, there are issues of arranging and authorization of Income Tax Act and prevention of tax evasion in India.

Moreover, this investigation would be valuable to the individuals who regulate the law, yet additionally to the individuals who make the laws and to academicians who look at the statutory arrangements and the legal choices basically. The legitimate relational words and principles are to be accumulated through the decisions of the Apex Court and the resolution in regard of Income Tax Law. Apparently a next to no work has been done here. In this way, the specialist's commitment will be significant in creating thoughts, conveying forward dialogs and to propose changes with respect to how assent is hypothesized and translated in taxation law, in various settings.

One of the significant obstruction before India Government is Tax evasion. Tax evasion is the manner in which individuals sidestep tax by illicit and unreasonable methods. They may guarantee lesser benefit, increases or turnover than genuine. Regardless of whether there is gigantic measure of tax to be paid, dodgers get discount by making deceptions before tax specialists. Immense measure of income is lost through along these lines for government with the goal that we can't move from economic stagnation. A large portion of the welfare exercises for

poor are put on hold because of absence of money while a few people who can purchase even the government with black money are developing every day.

Various methods for Tax Evasion in India Ways through which individuals dodge tax are Smuggling, Evasion of Sales and Value Added Tax, Evasion of Income Tax, Evasion of Wealth Tax, Evasion of Customs Duty and Evasion of Excise Duty. Additionally, authorities take pay off and help in making distortions and created fiscal summaries as opposed to answering to tax specialists. Dodgers unshakably neglects to document return, submits bogus returns, submits bogus endorsements to get derivations, exclusions and guarantee low income, charging individual costs to income, neglects to take care of obligations inside due date, etc to avoid tax.

Effect of Tax Evasion in India Taxes is the genuine wellspring of income of India government. Tax evasion causes economic unevenness that is the way by which a couple of individuals are getting increasingly unrestrained and others are getting less fortunate. Various change measures and exercises of government must be set aside and welfare exercises are getting impacted. Dull money causes expansion and worth breaking down. Measures taken by India government to check Tax Evasion a couple of stages as underneath have been taken by India government to keep up a vital good ways from tax evasion. In India, tax evasion is seen as a bad behavior. Arraignment and Penalties are constrained under different acts by government. Income tax compensate plot has been displayed by Income Tax Department which offers prizes to sources about tax evasion. Starting late, India has gone into agreement with US to keep up a key good ways from tax evasion by Americans through Indian money related affiliations. Exceptional Bearer Bond Scheme (Immunities and Exemptions Act, 1981) enables individual having black money to place assets into extraordinary protections. Deliberate Compliance Scheme (Amnesty Scheme) was another.

Government extended the tax piece, decreased inference rate, and extended legitimate tax evasion measures. Most starting late, Tax Administration Reform Commission was set up by Government to roll out assistant improvement to tax matters to revise and streamline tax strategies. Earlier India had set up a couple of boards of trustees like Taxation Enquiry Committee, Indian Tax Reforms Committee, and Direct Taxes Enquiry Committees, etc. Trade Pricing Audit was familiar by Finance Bill with review undisclosed trades to control tax evasion. Hindrances of Indian Tax Structure which bring about tax evasion

1. High rate of taxation. High rate of taxation cause a burden to tax payer. So, they find ways to avoid tax.
2. Failure to curb bribery. There should be adequate system to curb bribery and corruption among officials. They help taxpayers to avoid tax by taking an agreed share of profit out of evaded tax.
3. Lack of simplified procedures. Tax structure in India is complex and people find it hard to go to different departments for a single matter.
4. Existence of large number of taxes. Existence of large number of different type of taxes causes burden on taxpayers.
5. Complex tax laws and loopholes to avoid tax in laws. Indian tax law is complex. In the same law, people find provisions to escape from tax liability.
5. Lack of organized and systematic Administration structure.
6. Frequent changes in Government and Political instability. Frequent changes and political instability is another reason of non-implementation of well-defined tax system. Different governments implement different tax system and it becomes difficult to follow.
7. Frequent changes in tax policies. Tax policies in India are changed frequently by government. It creates confusion among tax payers and officials about the relevant provisions.
8. Deficiencies in implementing Penalty Provisions. Best ways to avoid tax evasion-
 - a. Reducing tax rates.
 - b. Make more simplified laws and simplified system.
 - c. Design a well-organized tax administration structure.
 - d. Strengthen anti-corruption policies.
 - e. Increase awareness among taxpayers by conducting seminars, conferences and through media.
 - f. Design a permanent tax structure.
 - g. Ensure the political changes do not affect well defined tax structure. Make tax administration more independent and autonomous without losing final control of Government.
 - h. Audit, tax collection, depositing and filing provisions to be more strengthened and updated.

- i. Make penalty provisions more stronger and avoid it's non-implementation.

REVIEW OF LITERATURE

V. Kalpana (2015) this survey paper concentrated on featuring the causes and sick impacts of tax evasion in the general development of the Indian economy. Low tax spirit, low nature of administrations as an end-result of taxes and low straightforwardness and responsibility of public foundations have prompted high tax evasion in our nation.

Mr. Ghuge and Katdare (2016) they found that Indian tax structure falls behind on pretty much every marker. There is a solid necessity for a genuine audit and activities from the government are required in streamlining the tax structure.

Dr. Devarajappa S. (2017) they opinioned that we should bolster the government by agreeing to the tax methods and pay taxes immediately. So let us satisfy our obligations first and guarantee our privileges straightaway. They likewise proposed that is additionally a need to teach the individuals about Indian Tax law and make such a domain in which they make good on their due taxes, don't avoid the tax and feel pleased in releasing their obligation to cover the taxes.

KomalJaiswal (2017) in her paper attempted to contemplate the assessment of direct tax income. She recommended that it Necessary to the suitable in strategy changes or regulatory to the expansion the tax assortment. To expand the income tax either by expanding tax base or urging the individuals to pay tax by streamlining the documenting strategy and mindfulness.

Singh and Sharma (20017) caused an endeavor to attempt to examine the job of tax experts played in the income assortment process by helping their customers in understanding the perplexing tax framework and meeting their legitimate commitments. Factor Analysis of information indicated that seven variables – decrease in tax evasion, an expansion of alleviation to taxpayers, impetuses for wards and legit tax payers, expanding the tax base, documenting of profits, ampleness of reasonings and effect of excluded tax framework assumed a significant job in deciding the adequacy of Indian tax framework.

LalitWadhwa and Dr. Virender Pal (2012) They opinioned that high tax rates, debasement in public sector units, various tax rates and wasteful tax specialists are the primary driver of tax evasion. They recommended that decrease in tax rates, improvements of tax laws, evacuate escape clauses in the tax framework and some degree appropriate handling of data accessible under the yearly data return can be best for improving Indian tax consistence.

Mr. NishantRavindraGhuge and Dr. VivekVasantraoKatdare (2016) (A Comparative Study of Tax Structure of India with deference o different countries) the investigation found that Indian tax structure falls behind on pretty much every pointer. There is a solid necessity for a genuine audit and activities from the government are required in streamlining the tax structure.

Dr. Devarajappa S. (2017) (Tax evasion in India: An investigation of its effect on the income of the Government) opinioned that we should bolster the government by consenting to the tax methods and pay taxes expeditiously. So let us satisfy our obligations first and guarantee our privileges straightaway. He likewise proposed that there is additionally a need to teach the individuals about Indian Tax law and make such a situation in which they settle their due taxes and that they don't sidestep the tax and feel pleased in releasing their obligation to cover the taxes.

IMPACT OF INCOME TAX EVASION

1. Tax evasion and thereby establishment of parallel economy has been creating the following serious impacts on the social and economic system of the country. Tax evasion has been causing reduction in country's economic growth
2. The direct effect of tax evasion is the loss of revenue, increase in inflation
3. Impact on moral
4. Increase in corruption
5. Increase in prices of land and houses
6. Black money has resulted in transfer of funds from India to foreign countries through clandestine channels which decrease country's reputation globally.

GENERATION OF BLACK MONEY:

- **High Tax Rates:** High tax rates and overregulation result in concealment of income and a labyrinthine regulatory regime is an invitation to bribery.

- **Illegal Activities:** It is earned through Illegal means such as drug trafficking, weapons trading, terrorism, selling counterfeit or stolen goods etc.
- **Corruption:** By corruption which includes bribe given to and by public officers.
- **Trading:** Hiding income through Legal activities i.e. not reported to public authorities or we say to the government for the purpose to evade taxes. Even commercial classes generate black money through trade.

TAX EVASION IN INDIA:

Tax evasion happens when individuals deliberately disregard to agree to their tax responsibility. The ensuing tax income mishap may make certified mischief the most ideal working of the public sector, crippling its capacity to finance its major expenses. This assessment inquired about the graph of the estimation of tax experts regarding the tax evasion in India, sketching out the amount of parts responsive for tax evasion and taking a gander at the possible answers for decline the issue of tax evasion.

This examination is finished with the objectives like the purposes behind income tax evasion, The impact of tax evasion in India, etc. To assemble the information concerning tax evasion in India especially delineated overview with five point Likert scale has been used. As per their evaluation income tax evasion is prevalent in India high tax rates, debasement in public sector units, distinctive tax rates and inefficient tax specialists are the major driver of tax evasion.

GLOBAL CONCERNS AGAINST TAX EVASION/BLACK MONEY GENERATION:

Critical proportion of black money, be that as it may, is created through legitimately allowable economic exercises, which are not spoken to and revealed or answered to the public specialists according to the law or guidelines, in this manner changing over such income into black money. The inability to report or reveal such exercises or income may be with the goal of sidestepping taxes or keeping away from the expense of consistence identified with such announcing or revelation. It may similarly be the consequence of insubordination with some other law. For example, a processing plant proprietor may under-report creation as a result of theft of power which in this way prompts evasion of taxes. For the most part, a high weight of taxation, either real or saw, gives a solid impulse to dodge taxes and produce black money. Every so often the procedural guidelines can be to such a degree, that fitting in with them may expand the likelihood of further investigation and in this manner the pace of the weight of consistence, making an unreasonable motivating force not to report at all and stay outside the announced and accounted extent of the economy. Culture and social practices may similarly accept an imperative job in picking the inclinations of locals between tax consistence and black money age. In an overall population where tax evasion and under-revealing of exercises and income is seen to be extremely ordinary or the standard, such exercises may be viewed as commendable and legit tax consistence and paying one's relied upon offer to the public hold may not be viewed as uprightness. Studies show that countries with moderately poor use of guidelines tend to have a higher portion of unaccounted economy, though countries with appropriately executed guidelines and sound prevention have littler 'black' economies.

IMPACTS OF TAX EVASION:

Tax evasions have different wiped out ramifications for the tax payer; mean income and the overall population. The significant effects are

1. In spite of bombing for abruptness, there ought to be some indicate of the negative effects of tax evasion on the financial condition. It's most significant troublesome impact is perhaps on esteem. An industrial sequential construction system worker covers tax. A restaurant authority whose income is the equivalent yet who gets some bit of his income in tips doesn't reveal it for tax purposes. In like manner, one unskilled worker increases to the impediment of the other. This is even lopsidedness. A promoter charges his costs, somewhat, in non-monetary terms, for example, a remote trek for his family, all costs paid. This isn't represented on his income tax return. A salaried agent in the sifted through corporate sector gets an indistinct uncovered from the supporter. Their incomes radiate an impression of being the equivalent for tax purposes.
2. The tax evasion turns monetary efficiency. In sector, that are less dependent upon the head's assessment, there will be more prominent endeavor. That may one inspiration driving why certain help sector practices for example, the development business have developed, so remarkably as associations move transversely over national deterrents in a globalized world economy. Additionally, the messy sector may evade taxes significantly more successfully than the sifted through sector. It is no large astonishment that, in the VAT where there for the most part a point of

confinement level underneath which taxpayers are not foreseen that would keep quick and dirty records, empowering them to pay somewhat level of their turn over as tax (named intensifying), there is a packing of registrants just underneath this edge. Little taxpayers have remained astoundingly difficult to tax and keep up a steady closeness in the summary of managerial corners. In perspective on a theoretical model, assume that restrictive incomes underneath some farthest point level should be checked on with a probability that is certain and not as much as solidarity.

3. As difference and inefficiency brief lower income affirmation for government, its viable point of confinement, capability and amplex suffer because of tax evasion. Point of confinement suffers due to bring down availability of assets. Efficiency diminishes since significant limits may must be given less need than others and suitability rots as pleasing taxpayers comprehend that government can't or reluctant to make therapeutic move and, subsequently, feel continuously extraordinary in joining the rest in the showing of tax evasion. The result could probably be a development in tax rates, or the burden of distortive taxes, thusly beginning a perpetual circle of lopsidedness and inefficiency. Clearly, the increasing speed in property tax rates or the weight of section taxes by various locales, turnover taxes despite the business tax at the degree of states or regions, or inventive additional charges and cesses at the degree of the central government are take these models.

4. Tax evasion being under-enumerating of income recommends under-estimation of GDP and all its proportionate enormous scale money related outcomes. Since the denominator is under-surveyed, the extents of tax to GDP, the money related setback to GDP, and open commitment to GDP are altogether completed assessed. The evident higher tax/GDP extent prompts bogus comfort; anyway exaggerated deflationary move may be made to rein back a distorted money related inadequacy or open commitment extent. Methodology could along these lines turn expert rehashing, inciting disguise of the sifted through economy and escalating an interminable circle of less income age and higher tax rates. In case the underground economy acclimatizes work, by then the opposing impact of joblessness by focusing fundamentally on the sifted through sector-will in like manner be over-underlined. Growing assessments would be equivalently twisted with the exception of if mind is taken to consolidate all pieces of the market economy, both formed and underground.

EXTENT OF BLACK MONEY IN INDIA AND ABROAD DUE TO TAX EVASION:

There is no consistency of reasoning or approach, or sureness of estimation relating to 'black' money. The crucial difficulty develops by virtue of the way that the 'black' economy exists in the shadows. There is, thusly, wide assortment in the figures uncovered as appraisals are required to be made in aberrant manners. The 'shadow' economy isn't specific, and the 'parallel' economy entangles the white economy. Various systems got have their very own obstructions. One of the systems is the data/yield methodology. Along these lines, where the data yield extent is known, the yield can be assessed. The system includes using this extent close by the commitment to calculate the veritable yield. Exactly when this is differentiated and the reported yield, the qualification between the authentic yield and the articulated yield addresses undisclosed yield of the shadow economy. This system is misleadingly fundamental and, anyway it may apply even more appropriately to the business part, dismisses the brisk changing creative jumps forward, which along these lines add to the changing yield input extents. The procedure is difficult to apply concerning countries where the tertiary zone creates at a speedier pace appeared differently in relation to the fundamental and discretionary sections. As the official economy is known, the qualification between this whole and the money accessible for use could be believed to be the streaming 'black' portion. In one model, the speed of money (at the end of the day the conditions money moves in multi-year) engages the estimation of income orbited consistently. An assessment of this with the income trapped in National Accounting System (NAS) gives the income not got, which the 'black' income is made. The supposition that NAS addresses 'white' incomes isn't commonly apparent – all incomes which are not trapped in NAS are not 'black' incomes – for instance, incomes of the colossal tumultuous region. They may be on the use case of a representative test, which is then differentiated and the total use of the nation. Sometimes, such investigations are passed on to check unlawful activities inescapable in a particular model. In this methodology, the issues are of a truly illustrative model, unambiguous course of action of requests; the capacity of individuals in the model size to reveal validates substances gathering a particular comfort level with the examiners – as no one needs to surrender any lawlessness before pariahs. The dedication of these parts is autonomously worked, which when included would give the proportion of the entire 'black' economy. Regardless,

the method for perceiving the 'black portion' in these territories and assumptions experience the evil impacts of natural subjectivity of the pro.

FACTORS LEADING TO GENERATION OF BLACK MONEY:Black money rising up out of criminal operations, for instance, bad behavior and corruption has a major threatening to social segment. The 'criminal' some portion of black money may join proceeds from a scope of exercises including racketeering, dealing in phony and reserve stock, conveying, age and trade of sedatives, falsification, illicit mining, unlawful felling of c, unlawful liquor trade, theft, getting, human dealing, sexual maltreatment and prostitution, deceiving and financial distortion, misappropriation, calm money, bank cheats, and illicit trade arms . A segment of these offenses are joined into the schedule of the Prevention of Money Laundering Act 2002. The 'degenerate' fragment of such money could emerge out of remuneration and theft by those holding public office – , for instance, by surrender of business, spillages from government social spending programs, speed money to go around or fast track techniques, black showcasing of cost controlled administrations, and altering land use regularizing unapproved development. All of these exercises are unlawful in essence and an outcome of human unquenchability got together with declining cultural qualities and feebleness of the state to thwart them. Components provoking their age are both social and managerial.

CONCLUSION:Viably usage of the Income Tax Law can control tax evasion. Income Tax assumes the imperative job in the development of Indian economy. It is recommended that decrease in tax rates, improvements of tax laws, evacuation of escape clauses in the tax framework and somewhat legitimate handling of data accessible the under the yearly data return can be best apparatus for improving Indian tax consistence. Along these lines, there is a requirement for making straightforward, responsive and less oppressive managerial framework. So let us satisfy our obligations first and guarantee our privileges straightaway. Further, there is likewise a need to instruct the individuals about Indian Tax law and make such a situation in which they make good on their due taxes, don't sidestep the tax and feel pleased in releasing their obligation to settle the taxes. In the course of recent years, the government has at different occasions declared a few plans offering chances to bring black money over the edge however the outcome isn't so viable. To pass the DTC Bill, 2010 is need of time for the viability of Income Tax Law for the prevention of tax evasion.

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