Journal of Advances and Scholarly Researches in Allied Education
Vol. 13, Issue No. 1, April-2017, ISSN 2230-7540

An Analysis upon Recommendations of Kelkar Committee Report in Income Tax Act Provisions

Pradeep Saini[1]* Dr. Satish Chandra[2]

[1]Research Scholar OF OPJS University, Churu, Rajasthan

[2]Assistant Professor, OPJS University, Churu, Rajasthan

Abstract – There have been significant changes in tax systems in a few countries in the course of the most recent two decades for an assortment of reasons. The target of this study is to break down the development of the tax system in India since the mid 1990s. The study depicts and surveys the presentation of new types of immediate and roundabout taxes, their revenue and value suggestions and the triumphs accomplished in their execution. The study presumes that following eight years of reform enhancing the tax system remains a noteworthy test in India.

The Kelkar Committee set up by the Government to examine and recommend changes in the acquisition procedures and enabling a greater participation of private sector in defence production submitted the first part of its report to Defence Minister here today. The report was handed over by the Chairman of the Committee Dr. Vijay L Kelkar to the Defence Minister Shri Pranab Mukherjee. The Committee has adopted a long-term approach to prepare a policy regime that would encourage India's best firms to enter in the field of defence production. To promote innovation, efficiency and cost cutting, the Committee has adopted a strategic perspective in formulating proposals towards acquisition policy reforms.

---------------------------------x---------------------------------

INTRODUCTION

The reforms in the Indian tax system ended up plainly basic in the wake of auxiliary change programs and for the usage of Fiscal Responsibility and Budget Management Act. As needs be the government of India constituted a Task Force on Direct taxes by passing a determination on 22 July 2002 under the Chairmanship of Dr. Vijay L. Kelkar for the continuation of the fiscal reforms started by Dr. Raja chellaiah committee in 1991 and influence recommendations to entomb alia for making the tax system more flexible, expansive based and furthermore to propose measures required for rearranging the current laws and controls to encourage better enforcement and compliance and to build the tax to GDP proportion through world class fiscal administration. Other committee individuals from the committee were SNL Agrawala, Omkar Goswami, Aravind Sonde, Urjit Patel, Ananthanarayan, Dipankar Chaterji, Mohandas Pai, Paramar and Majumdar.

The terms of reference of the committee were to inspect and make recommendations on:

1. Defense and rearrangements of the direct taxes with a view to limiting, exemptions, expelling abnormalities and enhancing value.
2. Change in tax payer services in order to lessen compliance cost, confer straightforwardness and encourage deliberate compliance.
3. Upgrading systems for fortifying enforcement in order to enhance compliance of direct tax laws and
4. Some other issue identified with the above focuses.

Kelkar opines that a fiscal system, which gives break even with motivating forces to everyone is imperative to advance development and employment. For recovery and taking the economy to a higher way of development, fiscal administration ought to advance development and straightforwardness which brings cost down to both obligation and value for all entrepreneurs who need to come in. Indian tax system had turned out to be backward as in it ended up noticeably evil by treating different sections differently. The arrangement lies in expulsion of unequal treatment in the system need to lessen cost of hazard capital and advance effortlessness, which thus will advance deliberate compliance.

The report completely expresses its worry that the productivity of its recom-mendations is probably going to be genuinely vitiated if singular parts are specifically acknowledged or dismissed and that achievement of tax reforms endeavors rely upon their usage in incorporated way.

The report covers different regions for reforms. This incorporates part of tax administration, tax payer service, taxpayer ID and enrollment, gathering of information, confirmation and preparing of tax returns, computerisation of tax administration, accumulation and bookkeeping of taxes, refunds, search and seizure, income tax leeway declarations, question determination, responsibility, assignment of money related forces, human asset administration, infrastructure, tax policy, tax treatment of agricultural income, reforms of personal and corporate income tax; tax treatment of altruistic trusts, non inhabitants (to be managed by independent gathering), co-agent society, statutory risk, capital gains, and so forth. It has additionally recommended abrogation of require of riches tax.

The present tax system is supported with numerous motivating forces and stacked with numerous extra charges to gather more revenue without significant increment in rates for most recent few years. The task force presents an instance of exchange off amongst motivations and tax rates which is the way to new system of tax defense. The report concedes that different economies on the planet have expanded their tax revenue to GDP rate by disentangling tax structures and not by expanding the tax rates, subsequently, understanding that compliance holds the key. Despite the fact that there can't be any perfect proportion all things considered, this proportion rises or falls relying on the pace (moderate or quick) of development of the economy and inflexible tax administration prevailing. India has effectively diminished the tax rates in a decade ago and any inversion now would fix what was done before. The most ideal path forward is presently to grow the tax base generously by at any rate multiplying the quantity of assessees in next two years by strict and proficient tax administration. It is to be sure woeful that we have such a little level of tax assessees (around 30 million) out of 100 billion or more living populace. Around 75% of the present assessees are relied upon to leave tax net under proposed breaking point of Rs. 1 lakh. The report prescribes the expansion of sensible rate structure and just two chunks of 20% and 30% for people and HUFs with general exemption point of confinement of Rs. 1 lakh. It proposes a lower tax rate of 30% for domestic companies and 35% for remote companies.

The report is against reintroduction of dividend tax (canceled in 1997, reintroduced in 2002) and recommends annulling dividend distribution tax payable by companies, minimum alternate tax (MAT), long haul capital gains on value, and so forth., and abolishment of exemptions without appreciating their rationale and destinations.

The Government has stepped up with regards to battling the fiscal shortage decrease fight by divulging a medium-term guide with the Union Finance Minister Mr P. Chidambaram declaring on October 29 his unequivocal duty for fiscal union as the highest priority on the rundown" on the motivation to bring the economy back on the rails of the high development way. India today is looked with the twin shortfall, the current record shortage and the fiscal deficiency. The second quarter review of fiscal policy by the pinnacle bank likewise featured the risky repercussions of the twin deficiency on the economy if left unattended earnestly.

The government is unflinching to address the twin difficulties of current record deficiency (CAD) and fiscal shortfall. In 2011-12 the CAD moved to $78.2 billion or 4.2 percent of gross domestic product (GDP). Presently the Finance Ministry in conference with the RBI has anticipated a CAD of $70 billion of every 2012-123 or 3.7 percent of GDP with the government completely being certain of financing completely the Computer aided design through capital inflows, a generous piece of it would be as remote direct investments, outside institutional investments, on account of a pile of reform measures reported in mid-September and through outside business borrowings.

On the fiscal shortfall, the guide lays weight on bringing it down from 5.3 percent anticipated at 2012-13 to three percent of GDP by 2016-17, the last year of the Twelfth Five Year Plan. Despite the fact that this guide is somewhat extended one than the ones given by the thirteenth Finance Commission and the Kelkar Committee Report on fiscal union which anticipated the pruning of fiscal shortage to three percent of GDP by 2014-15. In any case the reality remains that the government is sufficiently resolved to endeavor its endeavors bear natural product on the fiscal combination program in the medium-term.

It would likewise not be outside of any relevant connection to the issue at hand to take note of that the country's fiscal deficiency in the main portion of the current fiscal remained at 65.7 percent of the budgeted sum, because of higher revenues and better administration of consumptions. The Finance Ministry has additionally set up stringent consumption checking measures to contain use, counting a compulsory cut of 10 percent in non-design uses.

It is relevant to backpedal to the report of the Kelkar Committee. It was named by the Government to come out with a solid fiscal shortfall decrease program when there was the torrential slide of allegations that the government stayed unconcerned in the vital area of policy execution in propelling the second era of economic reforms. Consequently amidst September this year, the government shed its before hesitance by revealing a progression of economic and policy reforms.

Intended to re-build up its accreditations as the first planner of India's economic and exchange policy advancement, the welter of activities by the government were indicated to rev up the economy and to monitor itself against the anger of remote institutional financial specialists. The Government likewise lost little tune to discharge a report to legitimize its earnestness over the developing fiscal deficiency issue. Led by the recognized financial specialist Dr Vijay Kelkar with Indira Rajaraman and Sanjiv Misra as individuals, the report illustrating a guide for fiscal combination in a medium-term framework blended up a hornets' home by focussing on cutting fuel and sustenance appropriations, other than suggesting the legitimization of plan uses.

In a foreword to the report Dr Kelkar expressed that while proposing a frontal assault on biased sponsorships, we have remembered the requirement for keeping up the smews of development and social assurance needs of distraught sections of our general public". In any case, the associative recommendations in the report don't face any believable procedure to adjust these two pivotal issues. This is especially at chances with the decision agreement's acknowledged target to pitch for comprehensive development to guarantee that the advantages of reforms don't sidestep the powerless sections and the extremely poor.

VIJAY KELKAR COMMITTEE ON REVISITING AND REVITALISING THE PPP MODEL

A few infrastructure extends in India have been hit by different issues identified with Public-Private-Partnership (PPP) model. It is in this unique situation, the Vijay Kelkar board suggested different measures for restoration of PPP model. The board was selected by the Union Finance Ministry in the Union Budget 2015-16. Its recommendations are made accessible for public.

A portion of the real recommendations include:

- It prescribed for fortifying of 3 fundamental mainstays of the PPP framework viz. Administration, Institutions and Capacity. The report embraced setting up of a 3PI (a PPP establishment of brilliance) for supporting institutional limit building activities.

- The Prevention of Corruption Act, 1988 ought to be altered at the most punctual to rebuff degenerate practices while saving the individuals who settled on honest to goodness botches in basic leadership.

- Swiss Challenge Method of granting contracts ought to be stayed away from as it demoralizes straightforwardness. Spontaneous Proposals energizes unequal treatment of potential bidders in the acquirement procedure, so they ought to be disheartened.

- For sourcing long haul capital easily, banks and money related establishments ought to be urged to issue profound markdown securities, otherwise called zero coupon securities. This will decrease the obligation overhauling charges amid the underlying time of the task.

- After fruitful culmination of the undertakings, value in the venture might be offered to long haul financial specialists including abroad institutional purchasers. The divestment sum would be used for new infrastructure ventures.

- Independent sectoral controllers ought to be set up as and when a new sector is pronounced to receive PPP model. The controllers ought to take after a bound together approach. Without the free controllers, the ventures would be subjected to bureaucratic and political pressure.

- For sane distribution of dangers among different partners, the Model Concession Agreement (MCA) ought to be returned to. The "One-size-fits-all" approach ought to be kept away from and venture particular hazard evaluation ought to be attempted.

- It ought to be investigated for augmentation of PPP into new sectors, for example, wellbeing, other social sectors, and urban transport.

- Private sector ought to be ensured against any sudden changes in the economic or policy condition.

- Government may build up a PPP law with underwriting from Parliament. It gives a definitive framework to actualizing executives alongside an oversight duty to assembly and administrative offices.

- Infrastructure PPP Project Review Committee (IPRC) ought to be set up for assessing and sending recommendations in time-headed way for a worry in ventures under PPP model.

- An Infrastructure PPP Adjudication Tribunal (IPAT) ought to be set up and its seats will be constituted by the Chairperson according to necessities of the issue being referred to.

- The state claimed ventures and public sector endeavors ought not be permitted to offer for PPP ventures. The PPP model implied for utilizing the administrative and operational proficiency of private sector.

- A question determination system that is snappy and adaptable is expected to permit rebuilding inside the business and money related limits of the task.

- PPP model isn't prescribed for little scale extends in perspective of the exchange costs included.

EXEMPTIONS AND SAVINGS

Exemptions in essence are not awful and tax retrogatory. Numerous exemptions are great, legitimate and in light of sound standards of administration, value and equity. They help in development of infrastructure and economy. On the off chance that task force is attempting to expand the revenue gathering at the cost of these exemptions originating from different savings and investments, maybe it is on the wrong balance. You may expand the revenue which no one knows how effectively it will be put to utilize. However, you miss the brilliant road of preparing funds for infrastructural development, exchange and industry and long haul economic development ventures. Channelisation of funds into right direction will come to end and each capital use will turn into the obligation of state. Will then the government put resources into capital market rather than common funds, banks and money related establishments or will government put its value in banks and other loaning foundations. Not at all like other created economies, we don't have a decent (even any) government disability and mass wellbeing programs where the greater part of the natives could be secured. Over this, weakness services, hunger, absence of good social welfare measures, nonattendance of senior subject schemes, and so forth., all don't warrant a total withdrawal of exemption on savings and investments out of taxable income.

WITHDRAWALS OF TAX EXEMPTIONS COUNTER PRODUCTIVE

Withdrawal of tax exemptions on honest to goodness savings, for example, life coverage, government saving schemes, tax saving securities, and so forth., may not be supported as these are the main safe saving roads accessible to Indian working class without culminate capital market and social welfare measures. In India, tax administration has been subjected to policy changes in each progressive budget, delineating total disappointment with respect to government and tax administration to have medium to long haul policy on tax structure, tax rates and tax administration. Investment in instruments like life coverage, public provident funds, and so forth., are not just one time investment and are arranged keeping in see the "going concern" or "congruity standard" and accepting all things considered without a policy despite what might be expected.

Any sudden withdrawal of exemptions or deductions for investments effectively made or conferred is a rupture of trust with respect to the government and a case to be known as a joke with its tax well behaved residents . . . . the individuals who have a place with the working class and don't have much space to design their investments and taxes. Somebody setting off to the official courtroom to limit the government from such a move is likewise not precluded. A suit for "promissory estoppel" testing such ensured benefits which is only disloyalty and break of trust with respect to government may come up. Individuals, for the most part salaried class, endure the worst part of taxes left with very little use to design. It is unequivocally felt that withdrawal of sections like 10A, 10B, 80-IA and 80-IB managing exemptions ought to be deliberately thought of and then actualized, that too in a staged way.

Likewise, recommendation to kill provision of section 36(1)(iii) in connection to enthusiasm on obtained capital will be hostile to development and against industry. Such provision is particularly basic for business development. Withdrawal of section 35 in regard of use on logical research for research and development activities in corporate sector and section 35CCA identifying with affiliations and organizations conveying country development work will just end up being counterproductive. Every one of these exemptions and motivating forces were presented subsequent to being legitimately recorded and discussed by before task forces/committees.

While Kelkar Committee has accepted that motivations and exemptions are a wellspring of manhandle, it has neglected to understand that tax law still experiences equivocalness and intricacy and there is a desperate need to tidy up the system first and guarantee the taxpayers that their cash will be utilized with proprietory concerns.

HOUSING FINANCE SECTOR

One of the proposals incorporate withdrawal of refund of enthusiasm on housing credits. It must be appreciated that India which was reeling under enormous housing issues till eighties is currently better molded so far as housing sector is concerned. With such huge numbers of schemes of housing finance both for urban and provincial territories, the development of housing sector and commitment of National Housing Bank, HUDCO, HDFC and other housing finance outfits can't by any tally be undermined. Because of the tax reliefs, today a noteworthy segment of working class in India claims a house or lives in a quality house. At that point, housing has additionally offered lift to industries like steel, concrete, marble, tile, wood, power apparatuses and a few different sectors. The report has gotten for eliminating tax sops for housing advances in a time of three years slicing it to Rs. 1 lakh amid 2003-04 from the present Rs. 1.5 lakh and to Rs. 50,000 amid 2004-05 and to zero level amid 2005-06. The effect of recommendations on housing finance industry will be negative and all the more so the credit off-take in outstanding piece of the year will be unfavorably influenced as everyone will embrace a pause and watch policy, all the more so when loan fees keep on being lower. Borrowers will bit by bit process that even without tax motivating forces, delicate financing cost administration would at present make housing credits reasonable. Net to net, the fate of housing finance business hangs in a difficulty.

AGRICULTURAL INCOME

Board has pushed for exacting tax on agribusiness income. It might be noticed that the agricultural income of non-agriculturists were in effect progressively utilized as tax shield for washing funds bringing about spillage to the tune of Rs. 1,000 crore every year. The states could pass a determination under article 252 of the Constitution approving the inside to force tax on agricultural income. All taxes gathered by the middle, net of accumulation costs could be doled out to states. A different income tax return shape will be prescribed for such tax payers. This is probably going to help activate extra revenue by states without touching 95% of the authentic ranchers, who might in at any rate not fall under income tax net when exemption constrain progresses toward becoming Rs. one lakh for each annum. Tax on agricultural income is welcome and contradicting tax on horticulture looks bad as this progression would plug the escape clause of existing system where agricultural income is utilized as a course to maintain a strategic distance from tax.

SEARCH AND SEIZURE

On search and seizure operations, it proposes expulsion of piece appraisal energy of the division for disguised income. It has additionally proposed that the methodology for appraisal of search cases, which accommodates tax @ 60% and exonerates the disguised income distinguished from intrigue, punishment and prosecution, ought to be discarded. The provision for charging full intrigue, punishment and prosecution in search bodies of evidence is brutal and furthermore against the fundamental target of lessening case and upgrading tax accumulation.

REFORMS THROUGH INFORMATION TECHNOLOGY

Kelkar task force has worried on the utilization of information technology to give better services to taxpayers and improve tax proficiency. Computerisation would help in having effective system of tax appraisal and issuing refunds orders. The assigned banks will be approved to issue tax refunds like premium/dividend warrants. Correspondingly, the attentiveness in choice of the tax reforms for examination will leave. It suggests a system for chance appraisal consistently to recognize instances of potential tax evasion for a nitty gritty investigation. It has additionally proposed that punishment orders must be made with evaluation arrange. It might be alluring from revenue's perspective yet it will act issues like if there should be an occurrence of questioned orders, it will expand the work at advance stage. It is an appreciated advance on information technology front as it intends to satisfy the center elements of appraisal and enforcement through incorporated and quick sending of information technology. This will guarantee better administration and decrease tax payers' grievances. Utilization of IT will likewise disentangle the tax returns, decrease the appraisal time and take out human deferrals and watchfulness. It is trusted that notwithstanding taxmen and tax dodgers, all will welcome this.

The vast majority of the IT related work is relied upon to be outsourced for lessening exchange costs identifying with tax administration, changeless record numbers, TDS, handling of tax returns and refund orders. A tax information network (TIN) will be set-up on a construct, work and exchange (BOT) premise. Information passage work for pending occupations is likewise anticipated that would be outsourced.

CONCENTRATE ON ASSESSEE AS A CUSTOMER

The task force has called assessee a client - might be to follow in letter the soul to serve him better. Protests about the present tax system, i.e., complex structure, bring down straightforwardness, delay in issue of PAN numbers and refund orders, high compliance cost bringing about lower compliance, absence of consideration on tax payer needs, absence of fundamental enhancements and regard from authorities, badgering (not in all cases), tax spillage, debasement (in a few quarters) - all have been directly or indirectly tended to with an intend to give amicable service and more noteworthy compliance.

FINANCE MINISTER'S STAND

Finance Minister has just demonstrated his needs, which incorporate enhancing the tax-GDP proportion, fiscal solidification and economic development. For enhancing the tax GDP proportion, he has said that it isn't possible through confiscation and that it requires a move into a much more present day tax system. An advanced, national inviting tax administration is the essential necessity; foundation of an impersonal system with minimum personal interface between the tax paying assessee and tax official, end of falling of taxes and having taxes which are self authorizing - all are required. On the off chance that we take a gander at GDP, quarter of it originates from agribusiness which is out of tax net. One portion of it originates from services, which is liable to particular ostensible taxation by method for service tax. This requires a need to broaden the tax net for service tax.

RATIONALITY OF THE TASK FORCE

The task force has couldn't help contradicting the current approach of the government to decrease government use to accomplish fiscal solidification .It has, rather supported a revenue drove way to deal with be refined by raising revenues more than by compressing consumption.

Advocating its stand, the task force expresses that diminishing government spending would be contractionary for the large scale economy. While raising revenues is probably going to be less contractionary. The report even goes further to propose that the government should improve capital consumption keeping in mind the end goal to counter adjust the contractionary impacts of fiscal combination.

Besides, the committee favored revenue preparation through low and few tax rates, close by enlarging of the tax base and moving the frequency of taxation on utilization.

Contending for bring down tax rates, the task force notices. "High tax rates misshape economic choices and fuel the arrangement of resources in to tax shirking and tax evasion. An extensive number of rates of taxes create issues of section crawl classification of debate and political campaigning.

Rather than expanding tax rates to improve revenue accumulations, the task force preferred the technique of augmenting tax base. This (enlarging of tax base) would include expelling exemptions and widening the extent of tax system to bring inside its overlap economic activities which are currently exempted.

The task force has firmly supported an esteem included tax (VAT) administration .It contended the goal construct VAT with respect to all products and enterprises is the best strategy for wiping out contortions and taxing utilization and task force suggested a Goods and Services Tax (GST) no matter how you look at it.

RECOMMENDATIONS OF THE TASK FORCE ON DIRECT TAXES

In defining proposition for reforming, the task force was expected as the gathering to consider up on and rectify a significant number of the current abnormalities in the Indian tax system. Towards satisfying this command, an endeavor has been made to layout steps required for starting and speeding up an imperative change in the fiscal worldview of the country by method for a procedure change on the direct tax side. The task force thought on approaches to diminish costs of tax administration analyzed best tax rehearses on the planet and broadly wrangled about methods for enabling CBDT to satisfy its capacities adequately and to build tax revenue to GDP proportion not by expanding tax rates but rather by streamlining tax structures, broadening tax base and enhancing tax administration. The task force keeping in mind the end goal to realize a radical change of the Indian tax system, committee has made extensive recommendations for reforms both in direct and indirect taxes.

These recommendations might be summed up as under.

I. Personal income tax reforms

The task force committee moved toward income tax reforms from the plot for defending the rate structure, lessen tax trouble, expanding the base of income and expelling the peculiarities of income taxation. To accomplish this, the committee has prescribed extreme changes in the income tax rates. The task force committee thought that it was preferable to prescribed a minimal rate of income tax would be nil on incomes up to Rs. 1 Lakh against the then furthest reaches of Rs. 50,000.Only. Two chunks were proposed for higher incomes: 20 percent for income level of Rs. 1 Lakh to Rs. 4 Lakh and 30 percent for the incomes above Rs. 4 Lakh. In the meantime, the standard deduction accessible to salaried tax payers be discarded and all exemptions are abrogated, with the exception of those identifying with housing advances senior residents and ladies.

II. Corporate Tax Reforms

1. The committee has recommended that the corporate substance ought to be seen as a channel and in this manner the requirement for joining of corporate tax and personal

income tax. Likewise, the Task Force prescribes that a corporate tax rate of 30 percent for domestic companies, being the best peripheral rate for personal income tax, and absolved from tax all dividends and long haul capital gains from recorded value.

2. The tax impetus u/s 10A and 10B of the Income Tax Act must be killed for all taxpayers other than those occupied with assembling PC programming.

3. The Task Force suggests that on account of taxpayers occupied with assembling PC programming, the Government of India must find a way to consult with remote governments to go into a comprehensive tantalization understanding prompting a solitary point rate of taxes.

III. Taxation of Capital Gains

1. The long haul capital gains would be accumulated with different incomes and subjected to taxation at the typical rates. Further, since the committee has prescribed the cancelation of different saving motivating forces, committee did not consider important to permit any exemption for move over of long haul capital gains.

2. Given the public idea of the task, it is important to keep up the stream of funds. Consequently, committee has prescribe that long term capital gains should keep on being absolved if put resources into a house or in the obligations of National Highway Authority of India until consummation of the Golden Quadrilateral and the North-South and East-West passageways.

3. The committee suggested that while here and now capital gains on value should keep on being taxed, the long haul capital gains on value ought to be wiped out. Nonetheless, perceiving the likelihood of manhandle by exchanging genuine resources through the corporate vehicle, committee has additionally prescribed that the exemption on long haul capital gain on value ought to be limited to recorded securities as characterized in section 112 of the Income Tax Act.

IV. Treatment of other entities

1. Where there is a contention between effortlessness of value, the Task Force had a preference for straightforwardness. Unpredictability is, inherently, backward and non-transparent. Consequently, what may give off an impression of being fair could, basically, be biased? In the light of the issues related with the current system of taxation of investment fund and the bundle for corporate tax reform, committee suggest the accompanying:-

1.1 The income of the common fund got from here and now capital gains and intrigue ought to be taxed at a level rate in the hands of the shared fund.

1.2 Since most financial specialists in units are for the most part littler taxpayers, we suggest that the rate of tax ought to be the minimum peripheral rate of personal income tax i.e. 20 percent.

1.3 With a view to defeating twofold taxation, the dividends got by the unit holders ought to be completely exempted since the distributable surplus would have endured the full weight of the tax.

1.4 The transient capital gain emerging to the financial specialist from offer of units of investment funds ought to be taxed at his level at the personal minor rate of tax.

1.5 The long haul capital gain emerging to the financial specialist from offer of units of common fund ought to be absolved from income tax.

1.6 The tax treatment of common funds and their speculators ought to likewise be reached out to investment funds, private value funds and multifaceted investments. In any case, the tax rate for these funds ought to be 30 percent since their financial specialists are probably going to be those in the most elevated tax chunk.

1.7 All funds should fundamentally get the PAN of the speculator and the Databases about each payment made by the fund supervisor back to the financial specialist, labeled with PAN, ought to be outfitted to the tax experts as an information return.

2. At present, the benefits of a partnership firm are subjected to tax at a similar rate of tax appropriate to a domestic company. In perspective of our recommendations, for corporate tax reform, we prescribe that the rate of tax for partnership firms ought to be lessened to an indistinguishable level from corporate rate of tax.

3. The tax advantage for gifts to altruistic trusts must appear as tax refund at the minimum negligible rate of tax of 20

percent. Further, we additionally suggest that there ought to be no quantitative roof either in outright terms or as a small amount of the gross income as is presently given under Section 80G.

4. Committee has suggested the end of Section 80P of the Income Tax Act. Notwithstanding, the current exemption point of confinement of Rs. 10,000 prescribed as a feature of the rate plan, ought to be expanded to Rs.1,00,000 and the modified income tax rate plan for cooperatives ought to be the same as suggested for personal income tax.

5. The labor quality of FTD ought to be instantly expanded in order to dole out one group each for America, Europe, South East Asia and Australia, and Rest of the World.

CONCLUSION

The report of Dr. Vijay Kelkar headed taskforce on direct taxes has been weakened by individuals in government by calling it just a consultative paper or a working paper to look for public verbal confrontation. The report is one of the quickest submitted reports lately.

Dr Kelkar has gone on record saying that he is available to proposals and the last recommendations would be firmed up simply after a civil argument. Kelkar recommendations are in no way, shape or form last and are liable to public level headed discussion and responses from exchange and industry chambers. One may trust that it might, best case scenario be the beginning stage for preparation of pending union budget 2003-04. In spite of the fact that it isn't likely that Government may acknowledge the report completely, yet it might likewise be hard to disregard it totally and budget for 2003-04 may have a few engravings from these recommendations.

REFERENCES

Books –

Ahmad, Ehtisham and Nicholas Stern, (2001). *The Theory and Practice of Tax Reform in Developing Countries* (Cambridge, University Press).

Bhatia H.L. (2004). “India Economy”. Published by Vikas Publishing House New Delhi. Latest Edition pp. 28-30.

Blaufus, Kay, et al., (2017). “The effect of tax privacy on tax compliance – An experimental investigation”, *European Accounting Review*, 26(3): pp. 561-580.

Fullerton, D. (2001). Reconciling recent estimates of the marginal welfare cost of taxation. American Economic Review 81(1), pp. 302-8.

Parker, Jonathan A. (1999). “The Reaction of Household Consumption to Predictable Changes in Social Security Taxes.” *American Economic Review* 89, no. 4 (September): pp. 959-73.

Tanzi, Vito (2002). "Structural Factors and Tax Revenue in Developing Countries: A Decade of Evidence", in Goldin, Ian and L. Alan Winters (eds.), Open Economies: Structural Adjustment and Agriculture, Cambridge: Cambridge University Press.

Research Papers-

Aggarwal, Mahesh (2000). “Tax Planning Tips”, http://www.taxationindia.com.

Bagachi, Amaresh (2002). “Vision of Kelkar Papers: A Critique”, Economic and Political Weekly, Dec. 21, pp. 5125-34.

Chelliah Raja J. (2002). “Task Force recommendations on Direct Taxes”, Economic and Political Weekly, December 14, pp. 4977-79.

Khatri, Yougesh and Kalpana Kochhar (2000). “India’s Fiscal Situation in International Perspective”, IMF Staff Seminar, October, Asia and Pacific Department, India, http://www.imf.org/external/country/ind/rr/2002/pdf/102202 pdf.

Michaelis, Jochen and Pfluger. Michael. (2000). ‘The Impact of Tax Reforms on Unemployment in a SMOPEC”, Journal of Economics, Vol. 72, No.2, pp 175-201.

Prakash, Om and Sidliu. A S. (2011). "Direct Tax Reforms in India: A comparative Study of Pre-and Post-liberalization Periods”. IUP Journal of Public Finance, Vol.9, No.l. pp 54-76.

Corresponding Author

Pradeep Saini*

Research Scholar OF OPJS University, Churu, Rajasthan

E-Mail – arora.kips@gmail.com