INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

IJRCM

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)], Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 2980 Cities in 165 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR
IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF.**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '____' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

NAME OF CORRESPONDING AUTHOR:
Designation:
Affiliation with full address, contact numbers & Pin Code:
Residential address with Pin Code:
Mobile Number (s):
Landline Number (s):
E-mail Address:
Alternate E-mail Address:

NOTES:
a) The whole manuscript is required to be in ***ONE MS WORD FILE*** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
b) The sender is required to mentionthe following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/ Engineering/Mathematics/other, please specify)
c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
d) The total size of the file containing the manuscript is required to be below **500 KB**.
e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE**: The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS**: The author (s) **full name**, **designation**, **affiliation** (s), **address**, **mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT**: Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS**: Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.

6. **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.

7. **HEADINGS**: All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8. **SUB-HEADINGS**: All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.

9. **MAIN TEXT**: The main text should follow the following sequence:

   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

   It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed ***5000 WORDS***.

10. **FIGURES &TABLES**: These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.

11. **EQUATIONS**:These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.

12. **REFERENCES**: The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

DIRECT TAX CODE IN INDIA: A MAJOR TAX REFORM FOR THE EMERGING ECONOMY

RAKESH, C
TEACHING ASST.
DEPARTMENT OF COMMERCE
KUVEMPU UNIVERSITY
SHANKARAGHATTA

MANJUNATHA, K
TEACHING ASST.
DEPARTMENT OF COMMERCE
KUVEMPU UNIVERSITY
SHANKARAGHATTA

ABSTRACT

In India, Tax is one of the major sources of revenue to the Government. In view of federal structure of governance in India, there is a multiplicity of taxes on both direct taxes and indirect taxes. Besides these, there is plethora of taxes like cesses, surcharges, stamp duty, entertainment tax, road tax etc. This shows the rigidity and complexity of Indian tax system. So in order to avoid this rigidity and complexity the Central Government is focusing towards changing some of the tax methods. Among them, the Direct Tax Code is one. The present tax system is facing with the problem of uniformity in all the phases which brings to more complexity to assessee. So in order to wash these complexities, the Central Government is spotlighting to introduce the Direct Tax Code system in India. This major direct tax reforms helps to boost up the Indian Economy as best much as possible. Here an attempt is made to analyze in detail about the major issues in Direct Tax Code and its relationship between developments of the Indian Economy. Along together, the study covers few other relevant aspects of Direct Tax Code.

KEYWORDS

Direct Tax Code, Direct Tax System, Economy, and Economic Growth.

INTRODUCTION

The code is not an attempt to amend the Income Tax, 1961, nor is it an attempt to improve upon the present Act. It is an all new exercise in which assumption which has held the grounds for many years have been discarded."

CBGA

India's emergence as a global economic power has helped inward investment and domestic business activity to soar. Cumulative foreign investment topped $169bn in the last decade – investment which came despite the country's dated and complex tax system. Indeed, India's tax legislation has caused much concern for domestic and foreign business. In an effort to address this, the Government of India has initiated a significant overhaul with the creation of the Direct Tax Code (DTC).

Scheduled for introduction in April 2012, the DTC will replace the 1961 Income Tax Act (ITA), and has been designed to provide a tax code which is more in step with the needs of India's growing economy. One aim of the new tax code is to provide a system which takes into account the increase in cross-border mergers and acquisitions undertaken by Indian companies over the last few years. In addition, while lowering corporate tax rates, the DTC aims to remove the administrative burden on foreign companies and investors for whom the country is now a leading target for investment. By implementing the new code, the Government of India also intends to streamline and simplify legislation, as well as iron out many ambiguities in the current system. However, the professional community is divided over the logic and scope of some of the Code's provisions and some experts are anxious about the impact such legislation will have on business and investment activity. The need to maintain a balance between reaping tax rewards under the new legislation and maintaining the interest of businesses and investors is of utmost importance. There is some anxiety as to whether the DTC achieves this balance, especially given the Government of India's reputation for enforcing tax legislation.

CBGA- Centre for Budget and Governance Accountability Publishers, "Direct Tax Code-A Discussion Paper", March-2013.

AN OVERVIEW ON DIRECT TAX CODE (DTC)

The compatibility and conduciveness of a taxation system plays an important lubricating role in the overall growth and direction of an economy. Tax laws are often seen not as a mere framework for the government to collect revenues, but as an effective tool to direct and propel the economy to higher levels, more so in a developing economy like Indian Economy. The government of India proposed several changes in the tax system from time to time. The new Direct Tax Code (DTC) seeks to bring about a paradigm shift in the direct tax system. The objective of the new code is to improve the efficiency and equity of Indian tax system by eliminating distortions in the tax structure, introducing moderate levels of taxation and expanding the tax base. A good tax system should minimize the cost of collection, compliance cost and the cost to the economy in terms of the distortions it creates while generating revenues. Three considerations should govern any tax proposal: *Efficiency, Equity and Simplicity*. That is, a tax should promote economic efficiency and provide incentives for desirable behaviour; it should aim for vertical equity (rich folk should pay more) and horizontal equity (some sorts of gains should not get preferential treatment over others); and it should be simple to administer, reducing litigation and evasion.

MAJOR HIGHLIGHTS OF DTC

HIGHLIGHT I: IN GENERAL

1. Earlier Income Tax Act and Wealth Tax Act (Covering Income Tax, TDS, DDT, FBT and Wealth Taxes) are abolished and single code of Tax, DTC in place.
2. Concept of Assessment year and previous year is abolished. Only the 'Financial Year' terminology exists.
3. Only status of 'Non Resident' and 'Resident of India' exits. The other status of 'resident but not ordinarily resident' goes away.
4. Earlier the terminology of assess was meant for the person who is paying tax and/or, who is liable for proceeding under the Act. Now it has been added with 2 more definitions namely a person, whom the amount is refundable, and/or, who voluntarily files tax return irrespective of tax liability.
5. No changes in the system of Advance Tax, Self Assessment Tax and also TDS. Amendment of TDS goes in line with earlier Notification 31/2009 which speaks of Form 17/UTN/etc
6. In TDS, a new return, if found required, will be introduced for Non TDS payments.
7. Government assess is covered in Direct Tax Code. Even though they are not liable for Income Tax/Wealth Tax, Government Assesses.

HIGHLIGHT II: TAX INCENTIVES

1. Earlier terms Deductions under Chapter VI-A will be treated as Tax incentives.
2. 80C gets a major hit by introduction of EET methodology (Exempt-Exempt-Tax). The investment is exempted when invested. The investment is exempted till it is remained invested. The investment is Taxed when it is withdrawn:

(a) Also, investments are considered only of those invested through savings intermediaries approved by PFRDA (Pension Fund Regulatory & Devp. Authority).
(i) Such savings intermediaries may in turn invest in ELSS mutual funds, government securities, public sector securities, etc.
(ii) Such investments are also exempted to the maximum of Rs. 3 lakhs.
(b) All such savings will be governed directly by government by an appointed depository (an independent agency).
(c) Other than this, Tuition fees for children will be allowed as deductions.
(d) No maximum limit for this, as savings is charged once they are withdrawn.

1. Medical treatment, higher education loan interest, donation and rent paid by self-employed individual are deductible.
2. New provision comes for Handicapped individuals to get deductions up to 75,000.

APPLICABLE DEDUCTIONS FOR INDIVIDUAL UNDER TAX INCENTIVES

1. Investments through PFRDA approved agencies (Max. Of 3 Lakhs)
2. Payment of tuition fees
3. Medical treatment.
4. Health insurance
5. Donations
6. Interest on loan taken for higher education
7. Maintenance of a disabled dependant

HIGHLIGHT III: SALARIES DEDUCTIONS:

1. Allowed are only, PT, Transport Allowance (limit prescribed) and special allowances given exclusively to meet duties (to the extent actually incurred.)
2. Also deduction is allowed for PF as tax incentives.
3. And last, deductions are allowed for Voluntary retirement, Gratuity on retirement and pension received.
4. No deductions on HRA, Medical reimbursements, etc.
5. Employer part of PF paid will be exempt from tax as Tax Incentives under EET methodology (to employees).

HIGHLIGHT IV: HOUSE PROPERTY

1. No deduction for Housing loan repayment of Self-Occupying property. This includes interest as well as part of principal.
2. Only Let out properties are considered and the Gross rent and specified deductions are taken with simple calculations.

HIGHLIGHT V: RESIDUARY SOURCES (OTHER SOURCES)

1. Earlier things follow almost.
2. Any amount exceeding 20,000 taken/accepted/rapid as loan or deposit, otherwise by an account payee cheque/draft shall be added to the income.

HIGHLIGHT VI: COMPUTATION OF TOTAL INCOME

1. Incomes are broadly divided into 2 sources, namely Special Sources and Ordinary Sources.
2. Special sources are given no deduction and what is earned is taxed directly (generally at a lower rate).
3. Ordinary sources are divided into further categories, namely:

- Income from employment.
- Income from House Property.
- Income from Business.
- Capital gains.
- Income from Residuary Sources (Similar to other sources, with some minuses).

HIGHLIGHT VII: COMPUTATION OF TOTAL INCOME UNDER DTC

1. Income from Lottery or Crossword puzzle, Race, Gambling or Betting.
2. Investment income earned by NRIs.
3. Income of Non-resident Sportsman through participation in games or through advertisement or writing articles relating to games in print media.
4. Guarantee money received by Non-resident association or institution.

HIGHLIGHT VIII: ORDINARY SOURCES

1. The 5 categories of Ordinary sources can have multiple sources under each head (e.g., Multiple employer, Multiple Business, multiple Properties, etc.).
2. The income will be computed in 2 steps procedure for each head:

(I) calculate for each source under each head of Income.
(ii) Aggregate the total under each head and arrive a total profit or loss under such head.

1. Then aggregate all the 5 heads and arrive the figure of 'Current Income from Ordinary Source'.
2. Then this value has to be aggregated with 'unabsorbed losses as of immediate preceding financial year'. Such aggregated income will be treated as 'Gross Total Income from Ordinary Sources'.

SALIENT FEATURES OF DIRECT TAX CODE (DTC)

TABLE 1.1 SHOWS FEATURES OF DTC

Features	Description of Features
Single code for direct taxes	All the direct taxes have been brought under a single code and compliance procedure unified. This will eventually payee the way for a single unified taxpayer reporting system.
Use of simple language	With the expansion of economy, the number of taxpayers can be expected to increase significantly. The bulk of these taxpayers will be small, paying moderate amounts of tax therefore it is necessary to keep the cost of compliance low by facilitating voluntary compliance them. This is sought to be ached, inter alia by using simple language in drafting so as to convey, with clarity, the intent scope and amplitude of the directions and mandates.
Flexibility	The structure of the states has been developed in a manner which is capable of accommodating the changes in the structure of a growing economy without resorting to frequent amendments therefore to the extent possible. The essential and general principal has been reflected in the status and the matters of details are contained in the rule.
Reducing the scope for litigation	An attempt has been made to avoid ambiguity in the provisions that invisibly give rise to rival interpretations. The objective is that the tax administrator and the tax payer as ad idem on the provisions of the law and the assessment results in a finality to the tax liability of the tax payer.
Elimination of regulatory functions	Traditionally, the taxing statute has also been used as a regulatory tool. However with regulatory authorities being established in various sector of the economy, the regulatory function of the taxing statute has been withdrawn. This has significantly contributed to the simplification exercise.
Consolidation of Provision	In order to enable a better understanding of tax legislation provisions relating to definitions, incentives, procedures and rates of taxes have been consolidated.

Table: Authors Developed

COMPARISON BETWEEN PROPOSED DIRECT TAX CODE AND PRESENT DIRECT TAX SYSTEM

TABLE 1.2: SHOWS THE COMPARISON BETWEEN PROPOSED DIRECT TAX CODE AND PRESENT DIRECT TAX SYSTEM

DIRECT TAX SYSTEM	DIRECT TAX CODE
At present there are two legislation i.e. Income Tax Act,1961 and Wealth Tax Act, 1957	Single code for Income Tax Act and Wealth Tax Act. The code consists of 285 sections.
There is three kind of Residential status i.e. 'Resident', 'Non Resident' and 'Resident but not Ordinarily Resident'.	Residential status of "Resident but not ordinarily resident" has been done away with.
There are 'previous year' and 'assessment year'	To eliminate confusion only 'Financial Year' will prevail.
The corporate tax rate of domestic company is 30% and for foreign company, it is 40%. Business losses can be carrying forward for 8 yrs. Dividend distribution is at 15%	The corporate tax rate of all companies reduced to 25%. Business losses can be carrying forward for unlimited period. Dividend distribution tax remains at 15%.
MAT at 15% is levied on 'Book Profit'. Further MAT tax credit is allowed to be carried forward up to ten assessment year.	Basis for levy of MAT is 2% on gross asses. Carry forward of such MAT tax credit has been denied.
Tax incentives were based on location or an export turnover up to a specified period. Further capital investment was not allowed to amortize.	Export and Area/profit based exemption to be discontinued without affecting currently enjoying such incentive. Under the DTC all capital investment and revenue expenditure(except land, goodwill and financial instruments) allowed to be amortized indefinitely and the period of such amortization will be called as 'Tax Holiday'
Income from Salary includes all perquisites such as house rent, leave travel assistance, children education allowances, encashment of unraveled earned leave on retirement and free/concessional medical treatment paid/provided etc. is exempt up to a certain limit	All such exemption withdrawn.
As per section 80C certain investment/savings up to Rs.1 lakh were deductible from taxable income.	Exempt-Exempt-Taxation (EET) method of taxation of savings/investment will be applied on new contribution after commencement of the code. Limit for investment raised to Rs.300000 p.a. However deductions on investment in tax-saving mutual funds and fixed deposits have been abolished.
Self-occupied house property whose gross rent is taken as NIL, used to get deduction of interest on loan. Deduction for repair based on annual value in case of rented house property is 30%	Self-occupied house property whose gross rent is taken as Nil, will not get deduction of interest on loan. Deduction for repair on annual value in case of rented house property is proposed to reduce to 20%
Short term capital gain which attracts STT Is taxed at 15%, Short Term Capital Gain which does not attract STT attract normal rate of tax. Long Term Capital Gain, which attracts STT, is exempt from tax. Long Term capital Gain which does not attract STT is subject to a tax rate at 10% without indexation or 20% with indexation. Unabsorbed capital loss allowed to be carried forward up to 8 assessment years.	Since STT proposed to abolish, short term and Long term capital gain will from part of income, therefore all capital gain or transaction of equity shares/unit will attract normal tax. However indexation benefit of long-term capital gain will remain. Unabsorbed capital loss will be allowed to be carried forward indefinitely.
There is no such provision for upfront determination of the arm's length pricing or pricing methodology.	Transfer Pricing matter will be well settled under proposed APA under which an agreement between the taxpayer and the tax authorities for the upfront determination of the arm's length pricing/pricing methodology of an international transaction will be made but shall not be effective for more than five consecutive years.

Source: http://www.taxpointindia.com

REVIEW OF LITERATURE

DrSanjibandyopadhyaya (2011), he analyzed that the budget proposes various tax reforms which include working towards on early enactment of the much awaited DTC bill. Introduction of General Anti Avoidance Rule (GAAR) to avoided counter aggressive tax avoidance scheme. The much awaited Advance Pricing Agreement (APA) Programmed is proposed to be introduced from 1st July 2012. A small yet major step made by making suitable amendment, i.e. international transactions to specifically introduce business restricting intra group financing arrangements[1]. S.**Rajaratnam (2012),** he opines that Income tax law has a number of provisions encouraging scientific research. The finance bill 2012 has extended the concession under section 35 (2AB).This provision grants weighted deduction at 200% for expenditure on scientific research in the business of bio-technology. Current expenditure including capital expenditure on scientific research is allowed under 35(1) (iia), and (iii). There are number of decisions pending further adjudication from the Supreme Court unless the view favorable to taxpayer is accepted by the central board of direct taxes.[2] **Manaskumar Thakur (2012-13),** he expressed that the expectation that GDP growth would revert to the pre global financial crisis level at around 9% was dashed as the economy disappointedly grew only by 6.9% mainly due to declaration in industrial growth. GDP growth was salvaged by the services sector which grew at 9.4% from 9.3% in last year and is now about 56% of India's GDP. Indian industry struggled under the twin burdens of persistent high inflation which escaped input costs.[3] **K P C Rao (2012-13)** he expressed that Many of the proposals in the finance bill are required to be reviewed or differed in the light of the standing committee report, since the parliament cannot speak in two voices one through standing committee report and the other through the finance bill. There is considerable uncertainty as to the incidence of tax trade and industry consequent on these proposals, which have been prompted without only prior consultation with the profession or trade and industry.[4]**Anirbanghosh (2012)** he analyzed about the revised DTC was published in august 2010 and finally placed before parliament on august 30-2010. This bill contains 319 sections divided in to 20 chapters there are 22 schedules and 297 definitions. The new DTC aims at improving efficiency and equity of the tax system which will distortions in the tax structure as well as broadening the base for smooth transition by the tax laws. The new code will completely overhaul the existing tax laws and structure for not only individual tax payers but also corporate houses and foreign residents.[5]

OBJECTIVES OF THE STUDY

1. To study changes in consideration of individual status under Direct Tax Code in various situations.
2. To know about the probable and expected effects of direct tax code on Indian economy.
3. To identify the level of relevant relationship between Indian Economic Development and taxation system.
4. To suggest suitable measures based on findings.

METHODOLOGY

In order to meet the objectives of the study, the required data is collected from both the primary and secondary sources. Primary data is collected through the personal interviews and structured questionnaire from the selected professionals (i.e. Auditors, Tax Consultants, Tax lecturers and tax specialization students etc) and the secondary data is meant for various sources like newspapers, budget reports, DTC bill reports, magazines, articles and I-sources etc.

ANALYSIS AND INTERPRETATION

RESPONDENTS PROFILE

	Variables	No of respondents	%
Gender	Male	38	76
	Female	12	24
Age Group	20-30	26	52
	31-40	17	34
	41-50	4	8
	> 51	3	6
Profession	Auditors	19	38
	Tax Consultants	14	28
	Tax Lecturers	10	20
	Tax Specialization students	7	14

Source: Field Survey

TABLE 1.3 NEED OF DTC IN PLACE OF DIRECT TAX SYSTEM

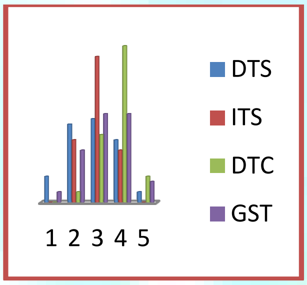
Description	No. of respondents	(%)
Yes	43	86
No	7	14
Total	**50**	**100**

TABLE 1.4 DTC MAY SOLVE PROBLEMS

Description	No of Respondents	(%)
Yes	41	82
No	9	18
Total	**50**	**100**

TABLE 4.4: OPINION ABOUT INDIAN DIFFERENT TAX SYSTEMS INCLUDING EMERGING CONCEPT
[EXCELLENT=5, VERY GOOD=4, AVERAGE =3, POOR=2, VERY BAD =1]

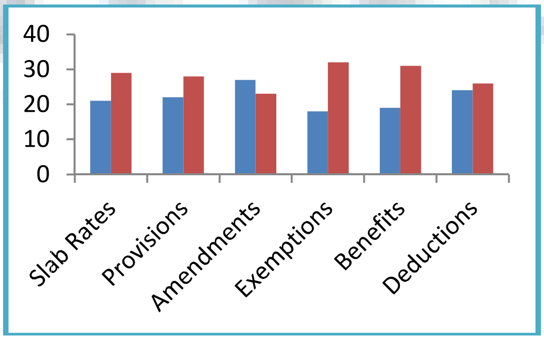
Tax System	Respondents Ratings					Total	(%)				
	1	2	3	4	5		1	2	3	4	5
DTS	05	15	16	12	02	**50**	10	30	32	24	04
ITS	00	12	28	10	00	**50**	00	24	56	20	00
DTC	00	02	13	30	05	**50**	00	04	26	60	10
GST	02	10	17	17	04	**50**	04	20	34	34	08



Source: Field survey

TABLE 4.5: RESPONDENTS PREFERENCE TO THE BELOW DECISIVE FACTORS

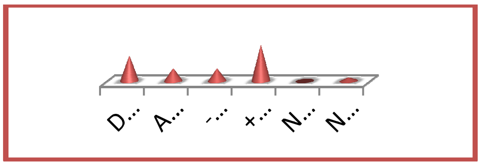
Description	DTS	DTC	Total	(%)	
				DTS	DTC
Slab Rates	21	29	50	42	58
Provisions	22	28	50	44	56
Amendments	27	23	50	54	46
Exemptions	18	32	50	36	64
Benefits	19	31	50	38	62
Deductions	24	26	50	48	52



Source: Field survey

TABLE 4.6: OPINION ABOUT RELEVANT RELATIONSHIP B/W TAX SYSTEM AND ECONOMIC DEVELOPMENT

Variables	Directly affect	Adversely affect	-ve impact	+ve impact	No change	No relevance
Opinion	14	07	07	20	00	02



Source: Field Survey

STUDY FINDINGS

The overall analysis of the study is mainly based on the taxation structure and clarity of present scenario of taxation in India. The major data is extraction from 3 years annual budget; this has made the old act complicated and difficult to interpret, leading to many disputes and court cases. The government, wished to have a modern tax code in step with the needs of an economy so, major findings are based on the respondent's opinion and direct tax code is impact on calculation under various situations.

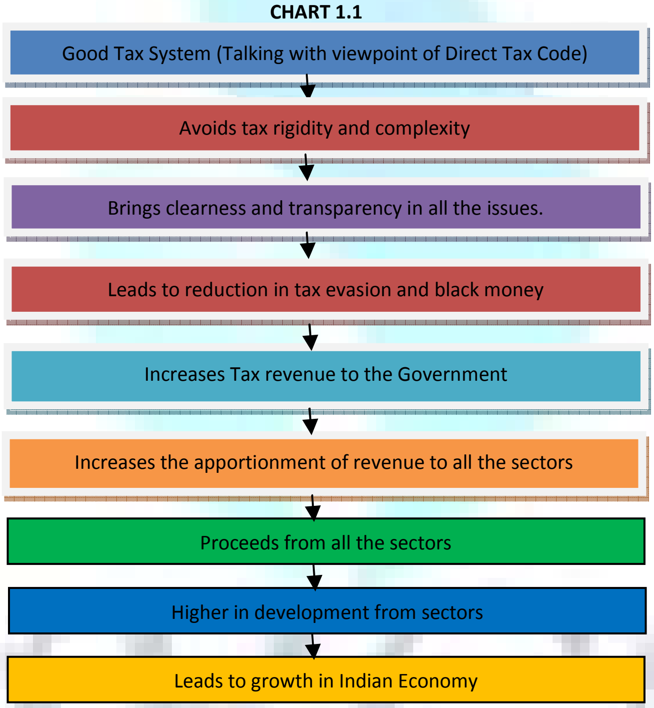
- The proposed direct tax code system can also put an end to the concentration of the industrial units in a particular area of low tax and incentives and this direct tax code system in effect can bring a new face to the Indian economy.
- Direct tax code bill is now pending with a parliament committee to take final shape. The implications of the changes in the bill have not all been understood, there is additional liability for almost all category of assessee.
- The new DTC aims at improving efficiency and equity of the tax system which will distortions in the tax structure.
- More than 86% of respondents are accepted that implementation of direct tax code indicates that the present DTS is associated with many problems.
- Implementation of direct tax code is ultimate effect on companies' profits, i.e. DTC makes companies to pay more tax like MAT.

RESULT AND DISCUSSION

Here an effort is made to show the relevance between the good tax system which helps to raise the growth in economy. Here, it is assumed that only tax factor is considered to show the ways for economic growth with few more assumptions.

The below **chart 1.1** shows the relationship between good tax system (DTC) and way for economic growth through that good tax system;

CHART 1.1



Source: Authors Developed

LIMITATIONS OF THE STUDY

- The study area is confined to selected respondents and in the selected area only and it is considered that DTC as one and only factor for the economic growth. It ignores few other emerging tax systems like GST etc.
- It is not possible to assure when higher in the apportionment of funds to sectors may leads to perform more and more. It means, the sectors growth may not only depends on the fund apportionment. But, in the study fund apportionment is considered as a key factor to higher the performance in the sectors. So this is another kind of limitations of the study.

CONCLUSIONS

The current system of tax is fraught with complexities owing to many amendments over the years. The direct tax code has done a good job of removing unnecessary complications in the tax laws, the definitions and provisions have been modified, thereby keeping pace with the times the direct tax code would not have any long term impact on individuals. The direct tax will probably not have any long term impact on individuals, the corporate income tax rates have been slash down, but keeping deductions in mind, the effective tax rate is unlikely to be affected drastically . The calculation of the minimum alternative tax based on the assets needs to be relooked at, especially for those companies which are working on projects with long gestation periods. While the proposal is put forth for public debate, its implementation would not happen until 2011. All most all the pros and cons of these proposals, the noteworthy fact is that an initiative has been taken to bring in simpler direct tax regime that can facilitate higher consumerism. The survey reveals that several positive aspects in relation to survey, more than three –fourth of the people or super majority feel that law is simple, easy to understand; it will avoid litigation, which we tend to slightly disagree with because there are certain aspects in the law that could lead to litigation.

This was just an analysis of the proposed DTC and how the changes can impact if it is approved. But for now, it is just a proposal so don't panic. Lot of debates and discussion will happen on this and this can take totally new direction are may be it does not happen at all we continue with current tax system.

REFERENCES

ARTICLES

1. Administrator, "Indian Economy-Direct Tax Code (DTC)", 16th November 2012,www.rosemaryinstitute.com/essayarticles/437-article-indian-economy-direct-tax-code-dtc.
2. Anirbanghosh (May-2012)"Impact of Direct Tax code on Capital gains in India "Management Accountant; volume 43,pp 525-527.
3. Dr. Sanji bandyopadhyaya (Aug 2012-13) "Views on union budget2012-2013"Management Accountant; volume 42, pp. 601-605.
4. K P C Roa (April 2012-13) "impact on SC judgment in Vodafone caseon Indian economy" Management Accountant; volume 50, pp.935-937.
5. Manaskumar Thakur (Jan 2012-13) "views on union budget 2012"economics times, volume 67,pp. 40-45.
6. S. Rajaratnam.(October 2012) "changes in the finance bill,2012" Management Accountant ; volume 48,pp.1198-1200.
7. S.Rajaratnam (November 2012) "Direct tax proposal in the financebill,2012 –an overview "Management Accountant; volume 47,pp.1329-1331.
8. Sunil Kumar Jana "Direct Tax Code: A Relief?" The Management Accountant, Vol. 44, No. 11, November 2009.

BOOKS

9. Dr. Vinod K Singhania and Dr. Kapil Singhania, "Direct Tax law and practice", Taxman publication (p) Ltd, 1stedition August 1981 41st edition –Dec 2009-10.
10. Taxman's, "Direct tax law and practice", Taxman publication (p) Ltd, tan prints (India) Pvt, Ltd. 1st edition Aug 1981, 36th edition June 2006.

WEBSITES

11. http://business.gov.in/taxation/direct_tax.php.
12. http://economictimes.indiatimes.com/topic/Direct-Tax-Code.
13. http://profit.ndtv.com/news/economy/article-direct-taxes-code-bill.
14. http://www.bmradvisors.com/upload/documents.
15. http://www.deccanherald.com/content/19934/decoding-direct-tax-code.html.
16. http://www.itatonline.org/info/index.php/download-report-of-standing-committee.
17. http://www.kpmg.com/in/en/services/tax/pages/directtaxcode.aspx.
18. http://www.managementparadise.com/forums/publish-upload-project-download.
19. http://www.moneycontrol.com/news/economy/.
20. http://www.slideshare.net/dharmesh1982/impact-of-new-tax-code.
21. http://www.thehindubusinessline.com/industry-and-economy/taxation.

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you tosupply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail**infoijrcm@gmail.com** for further improvements in the interest of research.

If youhave any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

DISCLAIMER

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals