INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

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.)],
The American Economic Association's electronic bibliography, EconLit, U.S.A.,
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 4255 Cities in 176 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We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications;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/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '____' for possible publication in one of 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 co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to their inclusion of names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR :
Designation :
Institution/College/University with full address & Pin Code :
Residential address with Pin Code :
Mobile Number (s) with country ISD code :
Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No) :
Landline Number (s) with country ISD code :
E-mail Address :
Alternate E-mail Address :
Nationality :

NOTES:

a) The whole manuscript has to be in ***ONE MS WORD FILE*** only, which will start from the covering letter, inside the manuscript. ***pdf. version is liable to be rejected without any consideration***.

b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail**:

New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/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 expected to be below **1000 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 within twenty four hours*** 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 a separate mail to the journal.

g) The author (s) name or details should not appear anywhere on the body of the manuscript, except the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.

2. **MANUSCRIPT TITLE**: The title of the paper should be **bold typed**, **centered** and **fully capitalised**.

3. **AUTHOR NAME (S) & AFFILIATIONS**: Author (s) **name**, **designation**, **affiliation** (s), **address**, **mobile/landline number** (s), and **email/alternate email address** should be given underneath the title.

4. **ACKNOWLEDGMENTS**: Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.

5. **ABSTRACT**: Abstract should be in **fully italicized text**, ranging between **150** to **300 words**. The abstract must be informative and explain the background, aims, methods, results & conclusion in a **SINGLE PARA**. ***Abbreviations must be mentioned in full***.

6. **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 stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations.

7. **JEL CODE**: Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aeaweb.org/econlit/jelCodes.php, however, mentioning JEL Code is not mandatory.

8. **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. *It should be free from any errors i.e.* ***grammatical, spelling*** *or* ***punctuation.*** *It must be thoroughly edited at your end*.

9. **HEADINGS**: All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

10. **SUB-HEADINGS**: All the sub-headings must be bold-faced, aligned left and fully capitalised.

11. **MAIN TEXT**:

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:

INTRODUCTION
REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
CONCLUSIONS
LIMITATIONS
SCOPE FOR FURTHER RESEARCH
REFERENCES
APPENDIX/ANNEXURE

The manuscript should preferably range from ***2000 to 5000 WORDS***.

12. **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*.
13. **EQUATIONS/FORMULAE**: These should be consecutively numbered in parenthesis, horizontally centered with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word should be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS**: These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section: Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **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. **Also check to make sure that everything that you are including in the reference section is duly cited in the paper**. 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 parenthesis.
- ***Headers, footers, endnotes*** *and* ***footnotes*** *should* ***not be used*** *in the document.* However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders after the references.

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, 19–23

UNPUBLISHED DISSERTATIONS

- 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 Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

TO TAX OR NOT TO TAX: THE DILEMMA OF ABOLISHING INCOME TAXES IN INDIA

K SREEHARI NAIR
STUDENT
AMRITA VISHWA VIDYAPEETHAM
MYSORE

VIDYA AVADHANI
LECTURER
DEPARTMENT OF COMMERCE & MANAGEMENT
AMRITA VISHWA VIDYAPEETHAM
MYSORE

ABSTRACT

In this world, nothing can be said to be certain, except death and taxes" quipped Benjamin Franklin, the great American statesman. But it is everyone's wish to avoid both! In the context of the present study, a preliminary study is made to cover the feasibility of abolishing income taxes in India and its implication. The concept of income tax can be traced to the 19th century Britain. It is now a global phenomenon and a major source of income to governments the world over. The advocates of abolition cite the examples of some West Asian countries and some European countries which have successfully abolished Income Taxes and are still able to prosper. But whether this is applicable to our country's economy is a thing to be pondered upon. Economists in favor of the abolishment of Income Tax suggests that , through various other sources such as Coal Block allocation and Telecom Spectrum that kind of money can be raised. The naysayers on the other hand are wary about it as it will destabilize our economy and it is not suitable for our economy as in the case of other West Asian countries. The study, using the published data taken from various sources attempts at examining the implications of foregoing this major source of income that comes from both personal incomes and corporate incomes. Also to be examined are the alternative sources of income, which have continuity and sustainability.

KEYWORDS

Tax, Income Tax, Avoidance of taxes, Evasion of taxes.

INTRODUCTION

Concept of tax: The term 'tax' is defined from an economist's point of view as a compulsory transfer of purchasing power without any *quid pro quo. The* salient features of a tax may be highlighted*:*

- *It is a compulsory transfer of purchasing power or money from the individual to the government.*
- *There is no quid pro quo suggesting that the tax payer cannot claim a return for his payment.*

A tax can be a 'direct tax' or an 'indirect tax'. In case of the former, the *impact* and *incidence* falls on the same person. In other words, the burden of a tax cannot be shifted to any other person/s. But in case of the latter, the *impact* and *incidence* fall on two different person/s. That is, the burden of a tax can be shifted from the person who immediately pays a tax to some one for the final payment. Generally, taxes on income are considered direct taxes, while taxes on goods are considered indirect.

In India, both direct and indirect taxes are levied. Till recently, bulk of the tax collected by both government of India and the State governments were 'indirect' in nature, suggesting that commodity taxes were the main contributors to the exchequer. But currently, 'direct taxes' are assuming greater importance in the tax structure of the country due to its greater contribution to the government. Generally, economists prefer direct taxes due to their 'equity' effect.

My study is basically concerned with the abolition of 'direct taxes'. The two major forms are the personal income taxes and the corporation taxes. While the former is levied on the incomes of individuals, the latter is levied on incomes of companies or corporates. A brief analysis of these two taxes and the effects of their abolition are analysed here.

In India, the Corporate Income tax rate is a tax collected from companies. Its amount is based on the net income companies obtain while exercising their business activity, normally during one business year. The benchmark we use refers to the highest rate for Corporate Income. Revenues from the Corporate Tax Rate are an important source of income for the government of India.

The Corporate Tax Rate in India stands at 34.61 percent. Corporate Tax Rate in India averaged 35.02 percent from 1997 until 2015, reaching an all-time high of 38.95 percent in 2001 and a record low of 32.44 percent in 2011. Corporate Tax Rate in India is reported by the Ministry of Finance, Government of India.

A cut in corporate taxes has been announced by the government along with other initiatives for a more stable and predictable tax regime in a bid to woo foreign investors and spur faster growth.

The moves are aimed at encouraging foreign companies to set up shop in India, and attracting overseas investment for roads, railways, ports, power plants and other dilapidated infrastructure.

"This will lead to a higher level of investment, higher level of growth and more jobs,"

India's tax authorities have been embroiled in lawsuits with a string of international companies including Royal Dutch Shell and IBM.

British mobile giant Vodafone is currently fighting a bitter, $2.4-billion battle with authorities, while Finnish company Nokia had a plant seized over a tax dispute.

A wealth tax would also be abolished and replaced with a two percent surcharge on the super-rich, a move that is estimated to add Rs. 9,000 crores ($1.4 billion) to government coffers.

Abolishing income tax and other levies and replacing them with some other suitable form of revenue is feasible and desirable, say experts, although some believe that such a move would militate against social equity.

Describing the concept as "aspirational", Ficci president Sidharth Birla said, "If the steps proposed enhance revenue by broadening and broad basing the tax payer base and help improve transparency of regulatory framework, we will tend to welcome these aspects."

The radical proposal, which is being talked about by the BJP, relates to abolition of all direct and indirect taxes for individuals as well as corporates in favour of a nominal banking transaction tax.The proposal, would involve hard arithmetic as the revenue losses would have to be recovered from other sources while stressing that India needs a stable, equitable and a friendly tax regime.

While pointing out implementation of the tax proposal is within the realm of possibility, some experts also opined that it has the potential to deal with menace of black money.

"...it may reduce corruption and collusion with the government agencies. It may remove the tax burden from individual as well as corporate taxpayers. The taxpayers will also not indulge into practices like falsification of accounts, money laundering and other illegal ways of tax evasion," said Girish Vanvari, co-head of tax, KPMG in India.

However, that a comprehensive and holistic analysis is required before going for such a drastic reform.

Another leading global tax consultant PwC India, however, expressed apprehensions saying that abolition of income tax would be against the progressive system of revenue collection.
"It is unlikely that we can completely dispense with the collection of personal income tax and at the same time maintain the progressive tax system to meet the revenue requirements," said Rahul Garg, Leader Direct Tax, PwC India.
Sudhir Kapadia of EY, a global tax consultancy firm, said it is feasible to abolish the personal income tax, but the question is whether it is desirable.
"There is indeed a case for tax reform that brings in simplification and rationalization in the tax system by eliminating unwanted distortions and multiplicity of taxes.
Industry body Assocham, however opposed the proposal saying that replacing income tax with expenditure or banking transaction tax will be anti-poor.
The big impact tax in terms of the *aam aadmi's* psyche is personal (non-corporate) income tax, and there is no reason why the government should not seek its total abolition both to energize the middle class and to make the economy turn around.
Income tax is largely a tax on the middle class salary earner and no other class, though we should include professional, non-salaried people too in it. The poor don't pay any income tax, and the rich get a big chunk of their incomes from dividends and capital gains - very little from salaries.
In sum: out of India's taxpaying base of around 35-40 million, only 1 percent accounts for the bulk of the tax collections. Put another way, 99 percent of India's taxpayers are being forced to file returns and pay paltry amounts of taxes for no good reason. It is harassment and hassle without purpose.
Even among the 4, 00,000 who do pay more taxes, it's largely because they can't evade it. The taxes are probably deducted from salaries or other incomes and collected at source.
The case for abolishing income tax, or at least modifying it substantially, is simple: it is unfair because only one important class is an easy pick; it creates a huge need for paperwork both at the corporate end and at the taxpayers' end; the deductions given on taxes (80C, etc) drive savings to areas that are tax-efficient rather than for meeting the real needs of taxpayers.
Income tax also makes criminals out of many of us. It forces both employers and employees to cheat. As for other non-corporate taxpayers - professionals (doctors, lawyers, etc), firms (non-corporate), associations of persons (AoPs), or bodies of individuals (BoIs), these categories are possibly more capable of evading tax and vulnerable to corruption.
Non-corporate income tax is also an indirect hindrance to job creation. If companies know that there is no income tax, they can recruit new employees at lower salaries without reducing an individual's tax-home pay. This will bring down wage bills and encourage companies to hire more. If coupled with easier labour or contract labour laws, employment generation will explode.

WAYS TO RECOUP TAX LOSSES
One, when income tax is abolished, there will be no deductions too. The costs of tax administration and tax compliance will come down. The government will need less tax revenues. Moreover, the current catchall head of "Taxes on Income" includes earnings from securities transaction tax, which need not be abolished.
Two, non-corporate income tax is earned from two basic sources - individuals (who earn it as salary, interest, dividends, property income, capitaql gains, etc) and firms (assessees who earn business incomes). If, in the first instance, income tax is abolished only for those not earning a business income, then the tax loss will be much less. However, it is best to exempt business income too - for this is the real sector that creates huge jobs through self-employment and setting up productive unincorporated businesses. In 2011-12, non-corporate firms, AoPs and BoIs together yielded less than Rs 20,000 crore in taxes. Not exactly a huge cache for the finance minister to tap. On the other hand, the corruption potential in this group of nearly 5, 68,194 assesses (in 2011-12) is enormous. Spare them the tax heart-burn, and this sector could employ more and create more jobs.
Three, as companies will end up reducing labour costs over time, one can also start withdrawing their tax breaks. On direct taxes alone, the net taxes forgone were Rs 68,000 crore 2012-13, according to the finance ministry. Eliminating the major ones would save at least another Rs 40,000 crore in one or two years.
Four, when incomes rise due to zero income taxes, demand will sprout. This means taxes from excise and customs will balloon as the economy picks up steam. Since the tax abolition will benefit the taxpaying classes directly, the demand will flow directly to the manufacturing and services sectors - two sectors with lower inflation than food.
Five, a part of the loss on income taxes can be made up by higher value-added taxes, especially the new goods and services tax (GST). Between them, excise, customs and service taxes are budgeted to yield over Rs 5.6 lakh crore in 2013-14. A one or two percent hike will yield another 50,000-100,000 crore in indirect taxes.
Six, the government simply has to cut subsidies to the middle class. Right now, subsidies on diesel, LPG and kerosene add up to over Rs 1,50,000 crore. If only one-third of this is paid out to the poor for LPG and kerosene, the entire tax blow on eliminating income taxes would be taken care of. Subsidies will be easier to cut if income tax is abolished altogether.
There is talk of replacing income tax with an expenditure tax, where money flowing out of bank accounts will be taxed. This will need to be thought through, but this would be another way to fix the tax hole over time.
However, there is no doubt that eliminating income tax will rejuvenate the economy and reduce tax hassles at the level of the taxpayer.
Unlike promises of free water or cheap electricity, which can only increase corruption, the abolition of income tax is a reform that will actually make taxpayers more honest. It will eliminate a huge area of corruption and falsehood while also serving as an economic stimulus to a stagflating economy.
It might sound surprising, but there are countries where you do not need to pay income tax (UAE, Qatar, Oman, Kuwait, Cayman Islands, Bahrain, Bermuda, The Bahamas, Saudi Arabia, Brunei Darussalam), as per KPMG's 2012 survey of 114 countries. People in these countries, however, do need to contribute towards social security. Some of these countries are well-known tax havens, while most others have managed to use natural resources to fund government expenses. Can India afford to do away with income taxes?
The consumption tax, sometimes referred to as a 'spending tax' or 'expenditure tax', is quite like the income tax, with one key difference being that the tax base is expenditure, not income. Levied directly, tax payers may still file annual returns accompanied with exemptions and deductions, if at all. Irving Fisher, writing in 1942, and earlier advocates of the expenditure tax based their case primarily on the argument that the income tax involved "double taxation" of savings and distorted the choice of individuals in favour of consumption. Thus, not only is the income tax unjust but it encourages consumption and leisure at the expense of thrift and enterprise.
Nicholas Kaldor, in his book 'Expenditure Tax' (1955), broadened the case for the expenditure tax by arguing that expenditure was a better measure of ability to pay than income. Kaldor viewed the individual's taxable capacity as his "spending power" which includes all the various forms of economic wealth (stocks of wealth as well as recurrent and irregular flows of money) which must be reduced to a common denominator of so much per annum for tax purposes. Also, allowance should be made for differences in individual needs which make some persons more or less able to pay than others with the same spending power.
Kaldor argued that the best way to arrive at a person's spending power vis-a-vis his needs is to look at his day-to-day living expenses. He viewed income as an inferior measure of taxable capacity because it does not encompass spending power in other forms and takes no account of differences among individuals as to the need to save.

CONCLUSION
One major argument put forward against the expenditure tax is that by taking away savings from the tax-base, one tends to favour the rich, as they are in a better position to save larger portions of their incomes. This would render the proposition 'inequitable'. It may also lead to greater concentration of wealth in the hands of few. Kaldor addressed this criticism by arguing that the rates of an expenditure tax can be made steeply progressive in order to tax the rich heavily. One would be still better off, as a large part of the spending by the rich is out of capital, which is generally untouched by the income tax.

Another criticism of the consumption base is that it would favour the miser over the spendthrift, even where both had the same spending power or ability to pay. Kaldor's response to this objection goes to the basic rationale of the expenditure tax: People should be taxed on what they take out of the common pool, not on what they put into it. He argued that only by spending, and not by earning and saving, does the individual impose a burden on the rest of the community. In other words, personal consumption drains the resources available to the community for investment and public uses while work and saving add to these resources.

But then how would the government make up for the loss in tax-revenue, if it were to scrap income taxes. As per 2013-14 Union Budget, personal income tax has been budgeted at Rs. 2, 47,639 crores for the current fiscal year. This, as also in the past years, accounts for about 23 per cent of the total revenue receipts of the govt. The total gross tax revenue of the govt. (including the state's share) stands at about Rs. 12.4 lakh crore (budgeted) in the current fiscal. A two per cent Banking Transaction Tax on current banking transaction can potentially generate about Rs. 15 lakh crore - more than compensating for the loss.

The biggest criticism of the BTT is that a large fraction of consumption expenditure in India is still cash (83 per cent by my estimates in 2011 and informally verified by experts in Finance Ministry) and hence we would be leaving a large section of the population out of the tax-net. This is a fair criticism. But, then we surely would be moving up on the 'indifference curve' and getting closer to the Pareto Optimal choice. In plain-speak, the new proposed tax system would be more equitable than the existing one, without compromising on the revenue side.

REFERENCES

1. Union Budget Report - 2012-2013
2. Union Budget Report - 2013-2014
3. ‘Expenditure Tax 1955 by Nicholas Kaldor
4. KPMG Corporate Tax Analysis Report, 2015

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

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, neither its publishers/Editors/ Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal are exclusively of the author (s) concerned.

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