

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

I
J
R
C
M



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., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar,
Indian Citation Index (ICI), J-Gate, India [link of the same is duly available at Infibnet of University Grants Commission (U.G.C.)],
Index Copernicus Publishers Panel, Poland with IC Value of 5.09 (2012) & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 7144 Cities in 197 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

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	<p style="text-align: center;">A STUDY ON THE ROLE OF MICRO ENTERPRISES IN PAURI GARHWAL DISTRICTS OF UTTARAKHAND & PROBLEMS FACED BY THEM</p> <p style="text-align: center;"><i>ASHU TOMAR, Dr. VIJAY KUMAR, Dr. RAJENDRA PRASAD BADONI & PANKAJ BHATT</i></p>	1
2.	<p style="text-align: center;">TAX STRUCTURE: A COMPARATIVE STUDY OF INDIAN VS UNITED STATES</p> <p style="text-align: center;"><i>Dr. PANKAJ JAIN & ARYAN SEHRAWAT</i></p>	6
	REQUEST FOR FEEDBACK & DISCLAIMER	10

FOUNDER PATRON**Late Sh. RAM BHAJAN AGGARWAL**

Former State Minister for Home & Tourism, Government of Haryana
Former Vice-President, Dadri Education Society, Charkhi Dadri
Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

CO-ORDINATOR**Dr. BHAVET**

Former Faculty, Shree Ram Institute of Engineering & Technology, Urjani

ADVISOR**Prof. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR**Dr. PARVEEN KUMAR**

Professor, Department of Computer Science, NIMS University, Jaipur

CO-EDITOR**Dr. A. SASI KUMAR**

Professor, Vels Institute of Science, Technology & Advanced Studies (Deemed to be University), Pallavaram

EDITORIAL ADVISORY BOARD**Dr. S. P. TIWARI**

Head, Department of Economics & Rural Development, Dr. Ram Manohar Lohia Avadh University, Faizabad

Dr. CHRISTIAN EHIIBUCHE

Professor of Global Business/Management, Larry L Luing School of Business, Berkeley College, USA

Dr. SIKANDER KUMAR

Vice Chancellor, Himachal Pradesh University, Shimla, Himachal Pradesh

Dr. JOSÉ G. VARGAS-HERNÁNDEZ

Research Professor, University Center for Economic & Managerial Sciences, University of Guadalajara, Guadalajara, Mexico

Dr. TEGUH WIDODO

Dean, Faculty of Applied Science, Telkom University, Bandung Technoplex, Jl. Telekomunikasi, Indonesia

Dr. M. S. SENAM RAJU

Professor, School of Management Studies, I.G.N.O.U., New Delhi

Dr. A SAJEEVAN RAO

Professor & Director, Accurate Institute of Advanced Management, Greater Noida

Dr. D. S. CHAUBEY

Professor & Dean (Research & Studies), Uttarakhand University, Dehradun

Dr. CLIFFORD OBIYO OFURUM

Professor of Accounting & Finance, Faculty of Management Sciences, University of Port Harcourt, Nigeria

Dr. KAUP MOHAMED

Dean & Managing Director, London American City College/ICBEST, United Arab Emirates

Dr. VIRENDRA KUMAR SHRIVASTAVA

Director, Asia Pacific Institute of Information Technology, Panipat

Dr. MIKE AMUHAYA IRAVO

Principal, Jomo Kenyatta University of Agriculture & Tech., Westlands Campus, Nairobi-Kenya

Dr. SYED TABASSUM SULTANA

Principal, Matrusri Institute of Post Graduate Studies, Hyderabad

Dr. BOYINA RUPINI

Director, School of ITS, Indira Gandhi National Open University, New Delhi

Dr. NEPOMUCENO TIU

Chief Librarian & Professor, Lyceum of the Philippines University, Laguna, Philippines

Dr. SANJIV MITTAL

Professor & Dean, University School of Management Studies, GGS Indraprastha University, Delhi

Dr. RAJENDER GUPTA

Convener, Board of Studies in Economics, University of Jammu, Jammu

Dr. SHIB SHANKAR ROY

Professor, Department of Marketing, University of Rajshahi, Rajshahi, Bangladesh

Dr. SRINIVAS MADISHETTI

Professor, School of Business, Mzumbe University, Tanzania

Dr. NAWAB ALI KHAN

Professor & Dean, Faculty of Commerce, Aligarh Muslim University, Aligarh, U.P.

MUDENDA COLLINS

Head, Operations & Supply Chain, School of Business, The Copperbelt University, Zambia

Dr. EGWAKHE A. JOHNSON

Professor & Director, Babcock Centre for Executive Development, Babcock University, Nigeria

Dr. A. SURYANARAYANA

Professor, Department of Business Management, Osmania University, Hyderabad

P. SARVAHARANA

Asst. Registrar, Indian Institute of Technology (IIT), Madras

Dr. MURAT DARÇIN

Associate Dean, Gendarmerie and Coast Guard Academy, Ankara, Turkey

Dr. ABHAY BANSAL

Head, Department of Information Technology, Amity School of Engg. & Tech., Amity University, Noida

Dr. YOUNOS VAKIL ALROAIA

Head of International Center, DOS in Management, Semnan Branch, Islamic Azad University, Semnan, Iran

WILLIAM NKOMO

Asst. Head of the Department, Faculty of Computing, Botho University, Francistown, Botswana

Dr. JAYASHREE SHANTARAM PATIL (DAKE)

Faculty in Economics, KPB Hinduja College of Commerce, Mumbai

SHASHI KHURANA

Associate Professor, S. M. S. Khalsa Lubana Girls College, Barara, Ambala

Dr. SEOW TA WEEA

Associate Professor, Universiti Tun Hussein Onn Malaysia, Parit Raja, Malaysia

Dr. OKAN VELI ŞAFAKLI

Professor & Dean, European University of Lefke, Lefke, Cyprus

Dr. MOHENDER KUMAR GUPTA

Associate Professor, Government College, Hodal

Dr. BORIS MILOVIC

Associate Professor, Faculty of Sport, Union Nikola Tesla University, Belgrade, Serbia

Dr. LALIT KUMAR

Course Director, Faculty of Financial Management, Haryana Institute of Public Administration, Gurugram

Dr. MOHAMMAD TALHA

Associate Professor, Department of Accounting & MIS, College of Industrial Management, King Fahd University of Petroleum & Minerals, Dhahran, Saudi Arabia

Dr. V. SELVAM

Associate Professor, SSL, VIT University, Vellore

Dr. IQBAL THONSE HAWALDAR

Associate Professor, College of Business Administration, Kingdom University, Bahrain

Dr. PARDEEP AHLAWAT

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

Dr. ALEXANDER MOSESOV

Associate Professor, Kazakh-British Technical University (KBTU), Almaty, Kazakhstan

Dr. ASHOK KUMAR CHAUHAN

Reader, Department of Economics, Kurukshetra University, Kurukshetra

Dr. BHAVET

Former Faculty, Shree Ram Institute of Engineering & Technology, Urjani

YU-BING WANG

Faculty, department of Marketing, Feng Chia University, Taichung, Taiwan

SURJEET SINGH

Faculty, Department of Computer Science, G. M. N. (P.G.) College, Ambala Cantt.

Dr. TITUS AMODU UMORU

Professor, Kwara State University, Kwara State, Nigeria

Dr. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

Dr. SAMBHAVNA

Faculty, I.I.T.M., Delhi

Dr. THAMPOE MANAGALESWARAN

Faculty, Vavuniya Campus, University of Jaffna, Sri Lanka

Dr. SHIVAKUMAR DEENE

Faculty, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

SURAJ GAUDEL

BBA Program Coordinator, LA GRANDEE International College, Simalchaur - 8, Pokhara, Nepal

FORMER TECHNICAL ADVISOR

AMITA

FINANCIAL ADVISOR

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to the 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 titled ' _____ ' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is 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 inclusion of their 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/Post*	:
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	:

* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation etc. **The qualification of author is not acceptable for the purpose.**

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 the 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) Only the **Abstract 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 the manuscript, within two days of its 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 on 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 typed in **bold letters, 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 Italic printing**, ranging between **150 to 300 words**. The abstract must be informative and elucidating 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 etc.
 7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aea-web.org/econlit/jelCodes.php. However, mentioning of 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 be in 2000 to 5000 WORDS, But the limits can vary depending on the nature of the manuscript.**

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR, centered, separately numbered** & self-explained, and the **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, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may 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 e.g. 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 may follow Harvard Style of Referencing. **Also check to ensure 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 italic printing. 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 before 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>

TAX STRUCTURE: A COMPARATIVE STUDY OF INDIAN VS UNITED STATES

Dr. PANKAJ JAIN
ASST. PROFESSOR
DYAL SINGH COLLEGE
UNIVERSITY OF DELHI
DELHI

ARYAN SEHRAWAT
STUDENT
OAKVILLE TRAFALGAR HIGH SCHOOL
OAKVILLE ONTARIO
CANADA

ABSTRACT

India and US both have a progressive tax structure. The present study is an attempt to have a broader understanding of the Indian tax structure in comparison with the tax structure prevailing in the US. It is a conceptual paper whereby efforts have been made to have an analysis of the tax structure prevailing in both nations and which one is considered better. A comparative analysis is been made between India and the US based on a few tax parameters like GDP ratio, number of payments, etc. India has an advanced structure of taxes prevailing but it needs modification in comparison to the US for the overall growth of the nation.

KEYWORDS

India, US, compliance, comparison of tax, tax structure.

JEL CODES

H20, H25, K34.

1. INTRODUCTION

Tax is the major source of revenue for the government, the development of any country largely depends on the tax structure prevailing in a country. Any tax structure that motivates business to progress or provides ease of doing business leads to prosperity of the country. Taxes play a crucial role in overall the development of a nation. As on date majority of nations have a well-developed structure of taxes.

The tax structure of a country is a set of various rules and regulations being imposed on corporations and citizens/residents for the purpose of revenue collection by the federal, state or municipal authorities which is then used by these authorities for covering expenses incurred to run the nation, state or city. Higher taxes are designed to generate higher revenue stream for the authorities but at the same time it also leads to tax evasion. This creates an unfavorable environment for businesses. Every government tends to find an optimal tax rate.

The effectiveness of the tax system affects how strong an economy is. A fair tax structure can boost a nation's economy and result in its success. This ultimately leads to happier and more productive citizens. GDP increases as a result of effective taxes; a tax policy is deemed sound if it serves the economic functions of allocation, distribution, and stabilization.

India has a well-established tax system with distinct lines of responsibility between the Central and State Governments and local entities. The central government imposes various direct and indirect taxes on people and goods, accordingly. Sales tax, excise duty, custom duty, and service tax are examples of indirect taxes. Direct taxes include personal income tax, wealth tax, and corporation tax.

State governments impose VAT, stamp duty, state excise, land revenue, and profession taxes. Property, octroi, and utility taxes, such as those for water supply, drainage, and other public facilities, can be levied by local bodies.

Over the past ten years, India's taxation structure has undergone significant changes. Tax regulations have been streamlined and the tax rates rationalized, which has improved compliance, made paying taxes easier, and improved enforcement. In India, the task of streamlining tax administration is still in progress.

In This Study, we are Comparing the Indian Tax Structure with the US Tax Structure in order to analyze the Indian tax structure's strengths and weaknesses. How despite the presence of various tax reforms India is still at a developing stage.

2. LITERATURE REVIEW

Jha (2013), emphasized on Tax structure in India& its effect on corporate and individuals in India and suggests that high dependence on indirect taxes should be reduced and direct taxes should be increased on the super-rich to compensate for the losses. He also states that corporate tax evasion techniques like transfer pricing should be checked.

Agarwal (2017), studied the tax structure of India and compared it with the tax structure of developed economies (United States, Singapore, and China) based on GDP, tax payments and ease of doing, etc. In comparison to other nations, the Indian tax structure lags in comparison to the tax structure of other nations.

Yadav (2018) made a comparison of the tax structure of BRICS countries and emphasized India figuring out possible reasons for slow development and progress in India. How the companies in India are paying more taxes compared to other BRICS nations.

3. OBJECTIVES

1. To study the tax structure of India with respect to the tax structure of the US.
2. To compare the structure of tax with respect to rate structure and implications in India and US.
3. To analyze both tax structures and make a comparison of which among the two is better.

4. METHODOLOGY

This is a descriptive study based on secondary data obtained through various secondary sources including journals, articles, and the website of the world bank. The sample size comprises of India and US only a comparative analysis between the two nations. In the present study, an attempt has been made to show the tax structure comparison based on some key parameters identified by the world bank.

5. OVERVIEW OF TAX STRUCTURE: INDIA & US

The following is a basic tax structure being followed in India and US.

INDIA

India has a well-developed structure of taxes. The power to levy taxes is distributed among the three tiers of government, in accordance with the provisions of the Indian constitution. The major taxes imposed by the government include Income tax, Custom duty, central excise, VAT, and GST.

Broadly, taxes in India are classified into two types, direct taxes, and indirect taxes.

Direct taxes are those, which are paid by the individual or organization to the authority imposing it. They are mainly levied on incomes and profits.

Indirect taxes are collected a bit differently from direct taxes and these are consumption-based taxes that are applied to goods or services when they are bought and sold.

The government receives indirect tax payments from the seller of the good/service.

Let's have a look at taxes prevailing in India in brief:

TABLE A
DIRECT TAX

DIRECT TAX	
Income tax	<ul style="list-style-type: none"> It is levied on the income earned by the individuals, Hindu undivided families or other legal people. In India, it is a progressive tax. To calculate it, we add income from all sources and taxed as per the income tax slabs which are mention as below: if the total income exceeds Rs 50 lakh and it is below Rs 1 Crore then a Surcharge of 10% of income tax will be levied additionally. if the total income exceeds Rs 1 Crore then a Surcharge of 15% of income tax will be levied additionally.
Corporation tax	<ul style="list-style-type: none"> They are levied on the income of corporate firms or industries. For taxation purposes, a company is considered as a separate entity, therefore, they have to pay a separate tax apart from the personal income tax of its owner. All Companies registered in India under the companies act 1956 are liable to pay corporate tax.
Minimum Alternate Tax	<ul style="list-style-type: none"> The concept of Minimum Alternate Tax (MAT) was introduced to ensure that companies with large profits and substantial dividends to shareholders who were not contributing to the government through corporate tax by taking advantage of the various incentives and exemptions provided in the Income-tax Act paid a fixed percentage of book profit as minimum alternate tax. As a result, the government charges a Minimum Alternate Tax, or MAT, on these businesses as an advance tax. As a result, businesses are required to pay at least a certain amount of tax. As of January 2022, MAT is at a rate of 15 %
Indirect tax	
Customs duty	<ul style="list-style-type: none"> It is a type of indirect tax. It is a duty levied by the government on exports and imports of goods. Import duty is not only to act as a source of revenue for the government but also used to regulate trade. They are mainly levied on ad valorem basis. Similar to custom duty, octroi is meant to ensure that goods crossing state borders are taxed appropriately. It is levied by the state government.
Excise duty	<ul style="list-style-type: none"> It is basically a commodity tax as this is levied on the production of goods in India. They are not levied on the sale of the product, unlike GST. It is explicitly levied by the central government for all manufactured products except for alcoholic liquor and narcotics. It is different from customs duty as it is applicable only to things produced in India. It is also known as the Central Value Added Tax or CENVAT.
GST	<ul style="list-style-type: none"> It is a multi-point, destination-based indirect tax with set off for tax paid on purchases of inputs. There is no cascading (tax on tax) effect since there is a deduction or credit mechanism for taxes paid for the earlier inputs. it is a value-added tax and consumption-based tax. Thus, the total burden of the tax is exclusively borne by the domestic consumer. It is a comprehensive indirect tax levy on the manufacture and sale of goods as well as services. Integration of GST in its indirect tax structure gave India a world-class tax system. It improves tax collections and enhances its tax base. It also ends the long-standing distortions of differential treatments of manufacturing and service-sector. The Union Government has exempted the following indirect tax from the ambit of GST and it also has the exclusive power to levy excise duty on the manufacture or production of the following: <ul style="list-style-type: none"> Petroleum Crude Natural Gas Aviation Turbine Fuel High-Speed diesel Petrol Tobacco and Tobacco Products
VAT	<ul style="list-style-type: none"> It is a type of indirect tax introduced in the 2000s. Various committees like the Indirect Taxation inquiry committee on taxation recommended 'Value Added Tax' because <ul style="list-style-type: none"> India's indirect tax structure is weak. It produces cascading effects. uncertainty and complexity in its structure. its administration was also difficult. It is a self-monitoring mechanism thus making the work of tax administrators easier and removing distortions. VAT was then introduced in India by other states and UTs (except UTs of Andaman Nicobar & Lakshadweep) by replacing the Sales Tax of States. It was levied on various goods sold in the state, and the amount of the tax is decided by the state itself. The State VAT existed till 1 July 2017. Then it had been replaced by GST.

UNITES STATES [US]

In the United States of America, Taxes are imposed on both the federal and state level. Both the structures federal and state are entirely different from each other and have their own authority of charging taxes. The federal system has no interference in the state structure. Similarly, each state also has its own tax structure. Within every state, there is also separate jurisdiction that may also charge taxes. Local government bodies like municipalities, regional municipalities, and local service districts impose their own taxes like property tax, license fees, etc whereas individual income tax, payroll tax, and corporate income taxes are the main source of revenue.

There are so many taxes levied in the US, some of the major ones are discussed below:

TABLE B

Sales tax	<ul style="list-style-type: none"> Commonly used by States and Local Governments to raise revenue, States without general sales taxes are Alaska, Delaware, Montana, New Hampshire, Oregon
Sin Tax	<ul style="list-style-type: none"> Levied upon luxury goods, luxury cars, Jewelry, and vice items dangerous to one's health, Imposed to discourage patronizing certain products like alcohol, tobacco, etc.
Travel tax	<ul style="list-style-type: none"> Government Mandated Transport Tax For Travelers in the US, Used to fund the federal aviation administration (FAA), Airlines Charges 7.5% On Base Airfare.
Capital Gain tax	<ul style="list-style-type: none"> Imposed on profit made on investment, sale of rent estate properties, Long term capital gains are taxed at a lower rate Short term capital gains are taxed at the same rate as Income tax
Inheritance tax	<ul style="list-style-type: none"> Paid on the transfer of properties from a deceased person to his heirs, Paid by Heirs, Prevent the transmission of tax-free wealth in America's most affluent families.
Income tax	<ul style="list-style-type: none"> Required of all workers regardless of employment status Largest source of revenue for the government
Payroll tax	<ul style="list-style-type: none"> Payroll tax is not a single tax, but a blanket term used to refer to all taxes paid on the wages of employees. It includes a contribution to Medicare, Social Security, disability, unemployment, retirement
Property tax	<ul style="list-style-type: none"> Another main source of government income Levied upon the real- estate or personal properties

6. COMPARISON OF INDIAN VS US TAX REGIME

a) Tax revenue to GDP ratio

Tax revenue is the amount imposed by the government on the taxpayers of a country for the social and economic welfare of the public. The major source of revenue has been compulsory penalties being imposed on taxpayers including fines, and social welfare contributions.

TABLE 1: TAX REVENUE TO GDP RATIO

India	11.7%
US	33.5%

Source: OECD

The tax revenue to GDP ratio is computed majorly to indicate the growth factor of the nation. A higher the GDP higher will tax revenue for the nation. Table 1 it clearly states that the Indian GDP [11.5%] is much lower than the GDP of US [33.5%].

The reasons behind the low tax revenue to GDP ratio in India are evasion of tax, exemptions and relaxations provided on various types of incomes, and the low per capita income of country. This further leads to low socio-economic development in India due to budgetary constraints.

b) Number of tax payments

The number of tax payments includes the total taxes paid by a businessman of a country including electronic fillings. In India, this number is 11 in comparison to the US at 11. Both the nations are at parity in terms of tax payments made by businessmen.

TABLE 2: NUMBER OF TAX PAYMENTS

India	11
US	11

Source: World Bank indicator 2019

c) Time is taken for tax compliance

Time taken for tax compliance refers to the time taken by business houses in terms of filling out taxes and making payments. This is judged based on the total hours spent by a businessman in fulfilling tax complaints.

TABLE 3: TIME TO PREPARE TAX FILES AND PAY TAXES IN HOURS

India	252
US	175

Source: World Bank indicator 2019

Table 3 shows a total of 252 hours taken by India in filling tax compliance in comparison to the US, which takes approx. 175 hours. There is a huge difference in the tax compliance procedure of India and the US. India despite the existence of so many tax reforms still need to simplify its tax structure.

d) Profit tax paid by business houses [% of commercial profit]

Profit tax is the percentage of profit that is paid by business houses out of its profits.

TABLE 4: PROFIT TAX [% OF COMMERCIAL PROFIT]

India	21.6
US	20.7

Source: World Bank indicator 2019

Table 4 shows Indian companies are paying a profit tax of 21.6% in comparison to companies in the US, which are paying 20.7%. However, the difference is not very huge. Any country that pays a huge amount of profit tax faces a problem in terms of investment and expansion required in business concerns.

e) Labour tax and contribution Tax Paid

Labour and contribution taxes are those mandatory nature of taxes to be borne by the nation for the development of labor and their welfare.

TABLE 5: LABOUR TAX AND CONTRIBUTION PAID [% OF COMMERCIAL PROFIT]

India	20.2
US	9.8

Source: World Bank indicator 2019

In India, 20.2% of taxes are being as labor taxes which is much lower in US i.e., 9.8%. Again, reflecting a huge tax burden on corporates.

f) Other taxes payable by the business

In the current study, we have also incorporated other taxes also paid by businessmen including property tax, municipality fees, vehicle and fuel taxes etc.

TABLE 6: OTHER TAXES PAYABLE [% OF COMMERCIAL PROFIT]

India	7.9
US	6.1

Source: World Bank indicator 2019

Table 6 shows that in India 7.9% profit goes off in paying for these other taxes which is much higher in comparison to amount being paid in US i.e. 6.1%. It clearly reflects the lower percentage of taxes helps businesses to grow and expand; they can diversify their business as well.

g) Total tax and contribution rate

Total tax rates paid by businesses are the amount of taxes and mandatory contributions payable by businesses. Taxes withheld (like personal income tax) or collected and remitted to the government (like - VAT, and sales tax) are not included.

TABLE 7: TOTAL TAX & CONTRIBUTION RATE [% OF COMMERCIAL PROFIT]

India	49.7
US	36.6

Source: World Bank indicator 2019

Indian corporates pay approx. 49.7% tax in this category compared with the US at 36.6. Table 7 clearly states that in India, corporate nearly pays 50% of their taxes which is a huge loss in terms of growth and expansion for them.

7. CONCLUSION

Taxes have both advantages and disadvantages, but no one can deny that they are important to generate revenue. The above analysis states despite the progressive taxation structure in India, there is still a need for modification. The tax to GDP ratio of India is much lower than the US, and taxes paid in India is also on the higher side as compared to the US. Further total tax rate of Indian corporate is counting to be 50% which is directly going as taxes, which is alarming. There is still a need for India to remodel the tax structure, check the implications and figure out possible flaws affecting its growth and development. We need to reduce the compliance cost and in order to do that we can adopt a structure of administration adopted by the US government; it would not only reduce the cost of tax collection but would also reduce the time involved in doing so.

REFERENCES

1. Agarwal, Pinky. (2017). Impact of Tax Structure on GDP: A Comparative Study of Selected Economies. Tax Referencer. 154 pp - 30-40.
2. Dr. S.M. Alagappan (2019) "Indian Tax Structure- An analytical perspective", International Journal of Management, Vol 10, Issue 3, pp 36 - 43
3. Jha, Abhishek (2013), "Tax Structure in India and effect on corporates". International Journal of Management and Social Sciences Research (IJMSSR), Vol 2(10), pp 80-82.
4. Tyagi, Anjali. (2021). An Analysis of Indian Tax Structure. SSRN Electronic Journal. 10.2139/ssrn.3980513., pp 1-17
5. Yadav, Dr. (2018). A Comparative Study of Tax Structures of BRICS countries. VISION: Journal of Indian Taxation. Vol 5, Issue 1, pp 1 – 17.

WEBSITES

6. Income tax module ICAI, <https://resource.cdn.icaai.org/71135bos57143-cp1.pdf>
7. Tax system prevailing in the US. <https://taxguru.in/income-tax/us-tax-system-simplified-overview.html>
8. Taxation in India: Direct Taxes and Indirect Taxes <https://byjusexamprep.com/taxation-in-india-i>

REQUEST FOR FEEDBACK

Dear Readers

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

I would like to request you to supply 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 you have 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 to 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

