

THE IMPACT OF COVID-19 ON TAX COMPLIANCE ATTITUDE OF TAXPAYERS IN NAVI MUMBAI AND STUDY OF NEW AMENDMENTS

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Abstract

The tax structure in India is divided into two categories that are direct tax and indirect tax. The taxation system is such that the taxes are levied by the central government and the state government some minor taxes are also levied by the local authorities such as the municipality and local authority. The implementation of both taxes differs. You pay some directly, like the cringed income tax, corporate tax and wealth tax, etc. while you pay some tax pay indirectly like goods and service tax. The systems of tax in the world fall into main categories: **Regressive, proportional, and progressive**. Two of these systems impact high- and low-income earners differently. Regressive taxes have a greater impact on lower-income individuals than the wealthy. India has a structured tax system and the importance of taxes is defined by two attributes progressive and propositional. It is progressive in that the tax levied at increasing rates to increasing brackets of income and revenue for direct taxation type. And on other hand, indirect tax is considered regressive because it makes no such distinctions as rich or poor, everyone is treated equally and made to pay equal tax for goods and services they consume. India's tax system is regressive with heavy dependence on indirect tax.

India offers a well-structured tax system for its population. Taxes are the largest sources of income for the government. This money is deployed for various purposes and projects for the development of the nation. The association between the taxpayer's attitudes of adhering to tax laws caused by covid -19 is unknown before this period and has never been experienced before. The purpose of this investigation is to study the impact of covid -19 on taxpayers and the attitude of all taxpayers during the covid-19 situation. And the second purpose of this research paper is to study regarding awareness of Indian taxpayers. Because in India many taxpayers are thinking about tax is government revenue and is there tax evasion, tax fraud, etc. is allow so, therefore, taxpayers have to think income less over expenditure and file-less tax return and then as per they taking untrue advantage but they don't know who is government, as per constitution we are the government. So in this situation, we are acting falsely with ourselves because we are a citizen of India. And the third objective is to study per government budget yearly announcing new amendments in taxation policy.

Key words: Taxpayers attitude, taxpayer's awareness new amendments.

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Introduction:

COVID-19 has already infected millions of people and claimed nearly half a million lives. The sudden halts in economic activity and employment are far worse than anything on record, in-depth and speed. The economies of developing countries are being harmed by drastic but very necessary measures to protect people's health, and by cross-border disruptions in supply chains, tourism, remittances, and commodity prices. The poorest and most vulnerable segments of the population are always affected disproportionately during economic downturns. This is compounded during the current crisis as the poor have fewer options to protect their health and suffer more from disruptions in public services. Recovery will not be quick, and the future will differ in important ways from the reality of only a few months ago. In times of distress, people look to governments for information, direction, and protection.

Taxation is profoundly affected by the pandemic. Covid-19 will change taxation in at least three important ways, with lasting implications. First and most immediately, taxation plays a role at this current crisis stage in helping to sustain universal access to basic goods and services through "lifeline" measures. Vulnerability to COVID-19 and its economic impact is very different across social groups. Taxation can help compensate for this uneven playing field that is an additional argument for progressive taxation. In the same spirit, aggressive tax minimization by large taxpayers – however legal it may appear – will become even more intolerable to society at large. This increases the importance of, and attention to, the work on international corporate taxation now being carried on in the Inclusive Framework and the UN Tax Committee.

In the absence of a vaccine or a definitive cure to COVID-19, most countries including India were left with the only option of a complete national lockdown – to limit the spread of the deadly virus through social distancing. However, the treatment opted from an economic standpoint seems to be deadlier than the cure.

Nearly 6.15 crore Income Tax Returns (ITRs) have been filed on the new e-filing portal of the Income Tax Department as of 31st December 2022, the extended due date," the Central Board of Direct Taxes (CBDT) said in a statement.

Unprecedented measures imposed or recommended by governments, including travel restrictions and curtailment of business operations, have been in effect in most jurisdictions in various forms and stages during most of 2020 due to the COVID-19 pandemic and this situation continues in 2021. This note revisits the guidance issued by the OECD Secretariat on 3 April 2020 on the impact of the COVID-19 pandemic on tax treaties. The guidance represents the Secretariat's views, supported by Working Party 1 (in its Inclusive Framework setting), on the interpretation of the provisions of tax treaties intending to provide more certainty to taxpayers during this exceptional period when those measures were applicable. The guidance reflects the general approach of Working Party 1 and illustrates how some jurisdictions have addressed the impact of COVID-19 on the tax situations of individuals and employers. This updated guidance outlines the application of the existing rules and the OECD Commentary on concerns related to the creation of permanent

establishments; the application of "tie-breaker" rules to dual residents; and the tax treaty treatment of income from employment.

Objectives of the study:

- To analytical study of the attitude of Indian taxpayers during covid -19.
- To know awareness of taxpayers towards Indian taxation policies.
- To the comparative analysis of new amendments with the old provision of taxation.
- To study the impact of taxpayers during covid-19 and government reliefs.

Review of literature on Direct Tax and indirect tax

- ❖ **Pinki, Supriya Kamma, and Richa Verma (July 2014) studied**, "Goods and Service Tax- Panacea for Indirect Tax System in India" and concluded that the new NDA government in India is positive towards implementation of GST and it is beneficial for the central government, state government and as well as for consumers in the long run if its implementation is backed by strong IT infrastructure.
- ❖ **Agogo Mawuli (May 2014) studied**, "Goods and Service Tax-An Appraisal" and found that GST is not good for low-income countries and does not provide broad-based growth to poor countries. If still these countries want to implement GST, then the rate of GST should be less than 10% for growth.
- ❖ **In the United States, Schepanski and Shearer (2015) noted** that the introduction of the presumptive tax regime within the motor trade sector greatly improved the tax head. Thomas (2013) asserts that the effective implementation of presumptive tax can improve revenue generation and collection. Dube (2014) asserted that the presumptive tax legislation and administration in Zimbabwe improved revenue collection, especially during the period 2009- 2014. According to Thomas (2013), presumptive taxes enhance efficiency by imposing zero marginal tax rates on above-average earnings thereby increasing compliance among SMEs. His findings revealed that since presumptive tax is calculated based upon an average level of earnings for a particular industry, SMEs would try to surpass that limit to have an advantage. Mbaye (2012) argued that the introduction of presumptive taxes increased compliance by 3%, 1.3%, and 0.7% in Benin, Burkina Faso, and Senegal.
- **Hypothesis:**
 - H1: During Covid -19 taxpayers simply return their ITR and GST Return Files.
 - H0: During covid-19 taxpayers were not able to return their ITR and GST Files.
 - H1: During covid-19 government introduced a new scheme to taxpayers for relief which are very important.
 - H0: During Covid- 19 government does not introduce a new scheme to taxpayers for relief which are not important.
 - H1: Covid-19 pandemic is widely impacted on taxpayers and the Indian economy.
 - H0: Covid-19 pandemic is smeller impacted on taxpayers and Indian economy.
 - H1: During covid-19 taxpayers attract positively towards taxation.

H0: During covid-19 taxpayers were negatively attracted towards taxation.

Research Methodology: -

Research Methodology will be based on the following Information.

Primary Data: -

Primary data for the Research work has been collected from Navi Mumbai taxpayers. through Questionnaire, viva, observation, and interview.

Secondary Data: -

Secondary data for this Research has been collected from books, Trade Journals Business reports, various Business magazines and newspapers, Published articles by Successful Businessman and Income tax India website and Goods and service tax India websites, etc.

Method of sampling Selection: -

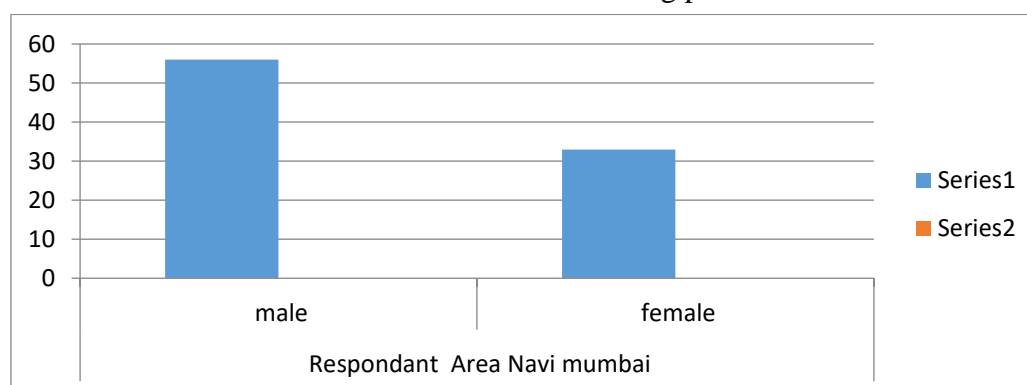
For this Research Random sampling method will be used which is a part of Nonprobability sampling. Multiple cases will be used for this Research.

The population of study: - Navi Mumbai taxpayers

Sampling technique: - Random sampling

Sample size: - : 150

During the investigation, my sample size is 150 respondents for study of particular research work, as per selection of random sampling method I am selecting 90 respondents for fulfilling this research Gap. Out of 90 peoples 36% females and 64% males which show in the following pie chart:



Finding: This investigation study regarding Covid-19 impacted on taxpayers' persons of the taxation which explain as follows:

The impact on individuals:

Across the globe, the spread of the corona virus is having a significant humanitarian impact and increasingly, an impact on economic, impact from stock as a rapidly contain the spread of the virus, it also affected on globe employees, business sectors, etc. Therefore, this affects are impacted on individual income.

Due to covid 19 worlds or nations are going towards regression because of there is shutting down all business

operation and all doors of trade and in this moment peoples or individuals losing their job and shutting down doors of the business. Therefore, individual cannot able to pay any amount of liability to the outsiders. As per my investigation in Navi Mumbai also covid -19 impacted on taxpayers due to shutting down trade activity which show as follow in diagram:

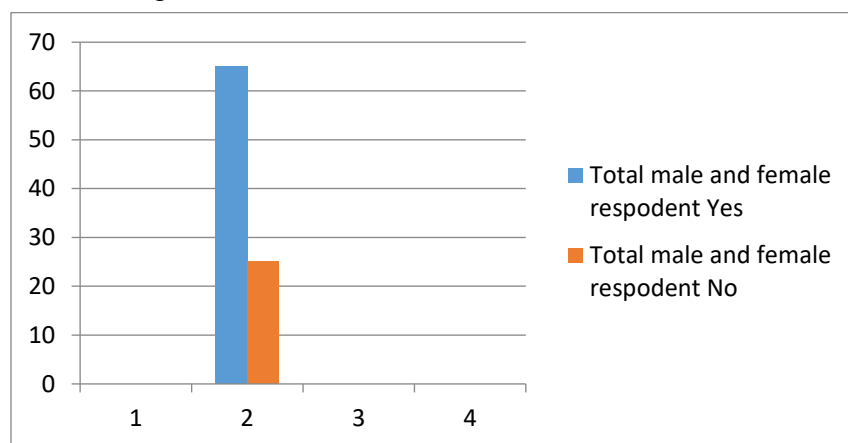


Diagram: 1.2. At the time of return of income tax and filling of GST Are you facing difficulties because of covid.

The choice of tax policy:

- Tax authority are also reviewing their response and enacting changes to providing relief to affected taxpayers which are presents as follows:
- The authority has established some reliefs to employees to compensate the economic crisis generated by covid-19.
- U/s 115 BAC Government introduce new tax regime during covid-19 budget.
- Extension of timelines for filing of Income-tax returns and various reports of audit for the Assessment Year 2021-22
- The law has fixed a maximum late fee of Rs 10,000 up to May 2021. This means that in any case, the maximum late fees that can be charged by the Government is Rs 5,000 each return being filed under each Act.

However, the maximum late fee has been rationalised from the June 2021 return period onwards, as given in the above section. But august 2021 government gives reliefs to taxpayers for late filling per month 500 Rs. Late fees for late return of GSTR 3B with amenity scheme.

Tax administration and compliance:

During the covid-19 crisis, much tax administration had to close offices and move to almost full or partial remote working, for many, this has also coincided with the peak filling. It is convenient to online filling taxpayers with digital platforms. And some taxpayers not convenient to filling return of income and goods and service tax return because of covid-19 spared. Taxpayer's lounge seeks to promote an environmental of trust

between the department and taxpayers as also to educate them about the initiatives taken by the department.

ITR Wise receipt of e-Return Jan,2022

For Jan-2022

ITR	FY 2019-20	FY 2020-21	FY 2021-22	No of taxpayers	
	From 01/04/2019 to 31/03/2020	From 01/04/2020 to 31/03/2021	From 01/04/2021 to 31/01/2022	Absolute increase and decrease during pandemic	percentage
ITR-1	32867166	32920827	16120711	16067050	49
ITR-2	5014992	5394123	2220973	1841842	37
ITR-2A	920	716	1765	1969	214
ITR-3	11658483	12569098	3319179	2408564	21
ITR-4	15519459	19970960	6889363	2437862	16
ITR-4S	17995	2855	4331	19471	108
ITR-5	1519729	1740750	454669	233648	15
ITR-6	930804	1020194	270166	180776	19
ITR-7	261112	273647	71676	59141	23
Total	67790660	73893170	29352833	23250323	34

Around 6.17 crore Income Tax Returns (ITRs) and about 19 lakh major Tax Audit Reports (TARs) filed on the new e-Filing portal of the Income Tax Department Around 6.17 crore Income Tax Returns (ITRs) and about 19 lakh major Tax Audit Reports (TARs) have been filed on the new e-Filing portal of the Income Tax Department as on 6th February, 2022. Out of 6.17 crore ITRs filed for AY 2021-22, 48% of these are ITR-1 (2.97 crore), 9% is ITR-2 (56 lakh), 13% is ITR-3 (81.6 lakh), 27% are ITR-4 (1.65 crore), ITR-5 (10.9 lakh), ITR-6 (4.84 lakh) and ITR-7 (1.32 lakh). Over 1.73 lakh Form 3CA-3CD and 15.62 lakh Form 3CB-3CD have been filed in FY 21-22. More than 1.61 lakh other Tax Audit Reports (Form 10B, 29B, 29C, 3CEB, 10CCB, 10 BB) have been filed till 06.02.2022. It is not published by the income tax department therefore I am considering for this investigation data which show at January 2022. In the above diagram I am presenting no of taxpayers with ITR files. During the covid -19 pandemic taxpayers numbers are increase and tax revenue also increase so therefore Indian movement has collect tax is more than as a pre pandemic situation.

Conclusion:

With this project, we hope to educate people what is an importance of taxation policies in India and How to aware regarding taxation policies India. The spurt in direct tax collections in the first half of this fiscal is creditable from a recovery point of view, but not quite, in terms of realising India's tax potential. Aided by higher advance tax payments by companies, direct tax collections as on September 22 grew by 47% to touch

Rs 6.45 lakh crore. Net direct tax collections rose higher at 74% to touch Rs 5.7 lakh crore, better than the pre-pandemic level in 2019-20. Direct tax collections witnessed an increase across most sectors, barring telecom and aviation. Greater formalisation of the economy following the acceleration in digital payments also helped improve tax compliance of large swathes of the economy. Revenues can go up further with better mining and analytics of the data on goods and services tax (GST). GST creates audit trails across the income and production chain, enabling revenue authorities to tap into the unified potential of the tax base. A diligent follow up of audit trails and data crunching (read: the more the data mining, the better the algorithms) will help widen the direct tax base. Of the total tax collections, about two-thirds come from regressive indirect taxes. The share of direct taxes in total tax revenues must increase, underscoring the need to raise the efficiency in tax collections. The Centre's gross tax revenue, budgeted at Rs 22 lakh crore for 2021-22, is only about 9.9% of GDP, and less than doubles that, combined with the states'. The aim should be to achieve a tax-to-gross domestic product (GDP) ratio comparable to the OECD average of about 34%. Low, uniform corporate tax rates will not dent overall collections, if efficient, inclusive GST leads to ever-expanding formalisation of the economy and diligent milking of the tax base.

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