

Problems Faced by the Salaried Tax Payers: A Study

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Abstract

In ancient times, the taxation of a country made voluntary contributions to the state for the essential functions discharged by the ruler which included protection to person and property. Taxes were levied cautiously not to prove a heavy 'burden' on the tax payers. The tax system should be such as not to prove a great burden on the public. The king should act like a honey bee which collects honey without inconveniencing the plant or the flower. As the taxation transformed from a voluntary contribution to a compulsory levy, the term 'burden' became complementary to taxation. In modern times, the burden of taxation is felt, be it direct or indirect, under any system of Government. By keeping this, the present study deals with the problems faced by the salaried tax payers in the aspect of Income Tax in Erode District of Tamil Nadu. The findings also indicated that the main problem felt by the salaried tax payers is Cumbersome procedure.

KEYWORDS: Problems, Salaried tax payers, Income Tax

INTRODUCTION

Every year, the Income Tax Department of our country is introducing various Income Tax Laws, Rules, Policies and Reforms for the benefit of the nation and tax payers. The tax payers' knowledge about these Income Tax Laws, Policies, Rules and Reforms is very minimum. Because, every year all the Income Tax Laws, Rules and Policies are subjects to change and tax payers felt that Taxation by itself is too complex. Due to the complexity of Income Tax Laws, tax payers suffering a lot. So, the minimum percentage of population is filing their tax return and paying tax. From filing of return to payment of tax liability the tax payers facing many problems. Against this background, this paper is a modest attempt to identify the problems faced by the salaried tax payers.

REVIEW OF LITERATURE

In any study, the review of previous studies are considered as important for getting a better understanding of the problem, the methodology followed and to identify the unexplored part of the field of study under consideration. In this regard, some of the relevant studies have been reviewed in the present study.

Noorbakhsh Mohammadi et al. (2015) made a study on electronic payment of taxes, a component affecting its tax payers satisfaction. This study was based on primary data. The required primary data have been collected from 384 sample respondents by using Simple Random sampling technique through Questionnaire. Such collected data have been analysed with the help of statistical tools like Percentage, Chi-square test, Spearman's Correlation Coefficient, Regression, Reliability Analysis-Cronbach's Alpha and Ranking. It is found that paying attention, understand the present quality, perceived value and usefulness, tax payers' expectation and perceived risk in the e-payment of taxes are the important components influencing the satisfaction of the tax payers. Further, it is

suggested that in order to know about tax payer's satisfaction, needs to measure it frequently and continuously.

Ferry Barineka Gberegbe et al. (2015) conducted a study to analyse the perception of the tax fairness and personal Income Tax compliance. This study was based on primary data. The required primary data have been collected from 246 sample respondents through Questionnaire. Such collected data have been analysed with the help of statistical tools like Percentage, Descriptive analysis, Correlation and Regression. They found that none of the demographic variable (Age, Gender and Education) has significant influence on personal Income Tax compliance behaviour of employees.

Yonas and Sendaba Nemera (2016) conducted a study to analyse the assessment of tax payers' attitude. This study was based on both primary and secondary data. The required primary data have been collected from 40 sample respondents by using Convenience sampling through a Structured and Unstructured Questionnaire. Such collected data have been analysed with the help of statistical tools like Percentage and Ratio analysis. Based on the findings, it is concluded that tax payers perceive that they are paying taxes just because their citizenship responsibility, majority of them feels that they are paying fair taxes and they also believe that there is no significant magnitude of treatment variation among tax payers done by tax officials.

STATEMENT OF THE PROBLEM

Individual Income Tax payers may have five heads of income. They need to compute their income accurately and the assessment procedure of Income Tax is very lengthy process. In this point, every Income Tax payers confused a lot. Tax compliance by citizens implies compliance with all statutory obligations specified in the tax law, including registration as a tax payer, maintaining required records, filing timely, accurate tax returns and paying taxes correctly and on time. Though non-compliance can be due to mistakes by tax payers, with consequent over or under payment of taxes, it is primarily associated with deliberate tax evasion. The e-filing is the new effective method of filing Income Tax Return through online and make e-payment tax. Despite many benefits associated with e-filing, tax payers facing problems like computer literacy, network problems in peak time, technical and managerial constrains. The Income Tax Return (ITR) forms are complicated, there are several fields that need to be filled in and nomenclature that needs to be understood. One mistake in any of the fields and the entire returns can go awry. By keeping in view the above realities, this paper focuses on the problems faced by the salaried tax payers.

OBJECTIVES OF THE STUDY

The present study has been undertaken with the following specific objectives:

1. To examine the problems faced by the salaried tax payers.
2. To offer suitable suggestions to reduce the problems of the salaried tax payers.

SAMPLING DESIGN AND METHODOLOGY

This is an empirical study based on survey method. The required primary data have been collected from 512 sample salaried tax payers by using Multistage sampling technique. Such collected data have been analysed with the help of various statistical tools like Garrett's Ranking Technique and Kendall's Co-efficient of Concordance ('W').

RESULTS AND DISCUSSION

Originally, 15 problems have been included in the Questionnaire to examine the problems faced by the salaried tax payers. The sample salaried tax payers are called to assess by each problem by giving rank I to the most important problem, rank II to the next important problem and so on.

PROBLEMS FACED BY THE SALARIED TAX PAYERS: GARRETT'S RANKING TECHNIQUE

To identify the most significant problem faced by the salaried tax payers, Garrett's Ranking Technique is employed. Details of the findings are shown in Table 1.

Rate	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV	Total	Mean	Rank
Scores (x)	85	75	70	64	60	57	53	50	47	43	40	36	31	25	15			
Computation of taxable f	56	87	23	15	6	16	28	30	35	50	71	10	14	32	39	2692	52.5	4
	4760	6525	1610	960	360	912	1484	1500	1645	2150	2840	360	434	800	585	5	9	
Tax planning f	86	66	46	87	33	15	30	63	14	11	18	13	15	11	4	3174	62.0	2
	7310	4950	3220	5568	1980	855	1590	3150	658	473	720	468	465	275	60	2	0	
Information asked in f	42	56	44	61	18	7	16	21	12	13	19	22	17	20	144	2399	46.8	9
	3570	4200	3080	3904	1080	399	848	1050	564	559	760	792	527	500	2160	3	6	
Return filing f	114	63	39	53	65	9	11	13	19	23	31	17	20	15	20	3121	60.9	3
	9690	4725	2730	3392	3900	513	583	650	893	989	1240	612	620	375	300	2	6	
e-tax f	14	13	41	16	46	81	56	66	33	19	8	22	18	61	18	2553	49.8	6
	1190	975	2870	1024	2760	4617	2968	3300	1551	817	320	792	558	1525	270	7	8	
Documents to be attached f	10	17	30	25	69	43	16	20	14	27	41	68	25	53	54	2308	45.0	13
	850	1275	2100	1600	4140	2451	848	1000	658	1161	1640	2448	775	1325	810	1	8	
Cumbersome f	57	89	96	56	24	21	21	19	41	45	14	12	6	4	7	3176	62.0	1
	4845	6675	6720	3584	1440	1197	1113	950	1927	1935	560	432	186	100	105	9	5	
Response for enquiry in f	11	9	28	7	10	39	98	46	15	67	19	44	96	4	19	2362	46.1	10
	935	675	1960	448	600	2223	5194	2300	705	2881	760	1584	2976	100	285	6	4	
Fees charged by tax f consultants	40	17	47	28	16	12	10	5	13	42	13	62	85	68	54	2249	43.9	14
	3400	1275	3290	1792	960	684	530	250	611	1806	520	2232	2635	1700	810	5	4	
Poor and inadequate f announcements	33	36	36	33	45	21	16	23	39	57	58	34	39	30	12	2599	50.7	5
	2805	2700	2520	2112	2700	1197	848	1150	1833	2451	2320	1224	1209	750	180	9	8	
Fine and penalties and f interest	6	8	19	30	13	49	59	17	101	17	2	88	77	5	21	2346	45.8	11
	510	600	1330	1920	780	2793	3127	850	4747	731	80	3168	2387	125	315	3	3	
Audit problems f	12	23	30	57	65	12	16	18	21	70	45	37	8	54	44	2421	47.2	8
	1020	1725	2100	3648	3900	684	848	900	987	3010	1800	1332	248	1350	660	2	9	
Online notice f	14	15	18	25	28	67	54	41	19	23	55	13	12	81	47	2323	45.3	12
	1190	1125	1260	1600	1680	3819	2862	2050	893	989	2200	468	372	2025	705	8	9	
Refund status f	10	7	7	10	67	99	18	106	47	15	16	13	15	71	11	2427	47.4	7
	850	375	420	640	3960	5643	901	5250	2209	602	640	396	465	1775	150	6	1	
Tax compliance	7	6	8	9	7	21	63	24	89	33	102	57	65	3	18	2243	43.8	15

f	595	450	560	576	420	1197	3339	1200	4183	1419	4080	2052	2015	75	270	1	1	
Total	512	512	512	512	512	512	512	512	512	512	512	512	512	512	512			

TABLE 1
PROBLEMS FACED BY THE SALARIED TAX PAYERS: GARRETT'S RANKING TECHNI

Table 1 clearly reveals that the main problem felt by the salaried tax payers is Cumbersome procedure (highest mean score of 62.45) proves to be the most significant problem, this is followed by tax planning, return filling, computation of taxable income, poor and inadequate announcements, e-tax, refund status, audit problems, and information asked in Form 16, response for enquiry in Income Tax office, fine and penalties and interest, online notice, documents to be attached, fees charged by tax consultants and tax compliance.

KENDALL'S CO-EFFICIENT OF CONCORDANCE ('W')

Further, to identify the problems faced by the salaried tax payers, it is decided to use another tool viz., Kendall's Co-efficient of Concordance. It is applied to find whether there is any similarity among the sample salaried tax payers in assigning the ranks to the given problems. Details of the findings are shown in Table 2.

TABLE 2
PROBLEMS FACED BY SALARIED TAX PAYERS: KENDALL'S
COEFFICIENT OF CONCORDANCE ('W')

Problems	Total Score	Mean Score	Rank	Kendall's 'W'
Computation of taxable income	3750	7.50	4	0.016
Tax planning	2573	5.15	2	
Information asked in form 16	4270	8.54	9	
Return filing	2767	5.53	3	
e-tax	3981	7.96	6	
Documents to be attached	4531	9.06	13	
Cumbersome procedure	2536	5.07	1	
Response for enquiry in Income Tax office	4499	9.00	10	
Fees charged by tax consultants	4821	9.64	14	
Poor and inadequate announcements	3969	7.94	5	
Fine and penalties and interest	4505	9.01	11	
Audit problems	4229	8.45	8	
Online notice	4523	9.05	12	
Refund status	4169	8.34	7	
Tax compliance	4877	9.75	15	

Table 2 reveals that the calculated value of Kendall's W is 0.016. It shows that there is less similarity among the salaried tax payers in assigning the ranks to the problems faced by the salaried tax payers. Looking at the mean score, it is understood that the highest preference has been given to cumbersome procedure (lower the mean score, higher the priority) constituting the mean score 5.07 and the lowest preference is given to tax compliance. The moderate preferences have been given to tax planning, return filling, computation of taxable income, poor and inadequate announcements, e-tax, refund status, audit problems, information asked in Form 16, response for enquiry in Income Tax office, fine and penalties and interest, online notice, documents to be attached and fees charged by tax consultants.

SUGGESTIONS AND CONCLUSION

In the present study, it is found that cumbersome procedure as an important problem faced by the salaried tax payers. Hence, it is suggested that Income Tax Department

of the Government of India should take all possible steps to simplify the steps involved in assessment of tax and tax payment.

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