



# A STUDY ON PERCEPTION OF TAX PAYERS TOWARDS THE TAXATION SYSTEM EXIST IN INDIA WITH EARENDIL BUSINESS SERVICE

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## ABSTRACT

This study aims to analyze the perception of taxpayers towards the existing taxation system in India, focusing on factors such as tax compliance, transparency, fairness, and the ease of filing taxes. The research explores the awareness levels of taxpayers regarding direct and indirect taxes, their satisfaction with government tax policies, and the challenges they face in the taxation process. Through surveys and secondary data analysis, the study highlights key determinants influencing taxpayer behavior, including trust in the system, the burden of tax rates, and perceptions of corruption and tax evasion. The findings provide valuable insights for policymakers to enhance the efficiency and effectiveness of the taxation system, ensuring higher compliance and improved public trust. This study ultimately seeks to contribute to the development of a more taxpayer-friendly tax regime in India.

**Key Words:** Tax fairness, Ease of tax filing, Direct and indirect taxes, Tax policy satisfaction, Tax awareness, Tax burden, Corruption in taxation.

## INTRODUCTION

Taxation is an essential component of a nation's economic framework, enabling governments to generate revenue for infrastructure, public services, and social welfare. In India, the taxation system consists of direct and indirect taxes, with the Goods and Services Tax (GST) being a significant reform aimed at simplifying tax compliance. The perception of taxpayers towards the existing taxation system is influenced by factors such as ease of filing, transparency, complexity, and the impact on businesses. This study explores taxpayers' views on India's taxation system, particularly GST, highlighting its advantages, disadvantages, registration process, eligibility, and non-eligibility criteria.

The Indian taxation system has evolved over the decades through a series of reforms aimed at rationalization, simplification, and increasing compliance. One of the most ambitious and transformative reforms in recent times has been the introduction of the Goods and Services Tax (GST) in July 2017. Designed to replace a plethora of central and state taxes, GST aimed to unify the national market, reduce the cascading effect of taxes, and streamline the process of tax collection and compliance through a digital-first approach.

## Process of GST Registration

- New User Registration: Create an account on the GST portal.
  - Application Submission: Fill in business and personal details.
  - Document Upload: Provide identity, business registration, and address proof.
  - Verification and ARN Generation: An ARN is provided after submission.
  - Approval or Query Resolution: The GST officer may approve or request additional documents.
- GSTIN Issuance: Once verified, a GSTIN is issued for tax compliance.

## NEED OF THE STUDY

This study is driven by the vital role taxes play in maintaining government functions and funding essential public services, making tax compliance a fundamental aspect of economic stability and development. Despite its importance, tax evasion remains a persistent issue, often stemming from a lack of awareness, dissatisfaction with the tax system, and the perception of unfair practices and enforcement. To effectively address these concerns, it is essential to understand the factors influencing tax avoidance, awareness, and overall taxpayer satisfaction. This research aims to provide valuable insights into taxpayer behavior, which can guide policymakers and tax authorities in formulating more effective strategies to reduce tax evasion, enhance awareness of tax obligations and benefits, and improve public satisfaction with the tax system. In doing so, the study seeks to contribute to the creation of a more equitable, transparent, and sustainable tax framework that benefits both governments and citizens. Taxpayer satisfaction, alongside awareness, is a key determinant of compliance levels. Many individuals experience frustration due to perceptions of the tax system as burdensome, complex, or unjust. Issues such as high tax rates, inefficiency, lack of transparency, and corruption can erode public trust in the system. When taxpayers feel that their contributions are misused or that the system favors certain groups unfairly, the likelihood of tax evasion increases. Therefore, this study also explores taxpayer satisfaction in terms of ease of filing, administrative efficiency, transparency, and fairness. Identifying and addressing these concerns will provide tax authorities with critical insights to enhance services, reform policies, and ultimately foster greater trust and compliance among taxpayers.

## OBJECTIVES OF THE STUDY

1. To Determine the institutional, social, and economic elements that affect Tax evasion.
2. Analyze opinions about how fair and transparent tax rules are perceived
3. Analyze the how tax payer Sentiment is affected by government Initiatives.
4. Evaluate the tax payers Knowledge of the Indian Tax System.

## SCOPE OF THE STUDY

This scope of study includes a thorough examination of the variables affecting taxpayer happiness, awareness, and tax avoidance. Its main goal is to comprehend how institutional, social, and economic elements influence taxpayer behaviour, including the reasons behind tax evasion, tax knowledge, and general system satisfaction. The study will use a mixed-methods approach to collect both quantitative and qualitative data, focussing on corporate entities, small business owners, and individual taxpayers within a specific geographic area. The study intends to give policymakers and tax authorities practical insights to improve compliance, enhance taxpayer experiences, and establish a more equitable tax environment by examining factors like income levels, tax policies, administrative transparency, and cultural attitudes towards taxes. To guarantee a fair and targeted analysis, potential restrictions such as respondent bias and data access will also be taken into account.

## REVIEW OF LITERATURE

**Abdul Rahman AI Natour & Hala Zaidan (2022):**

Explored factors influencing e-tax usage among Jordanian academics, recommending strategies to boost e-service adoption through awareness and perceived benefits.

**R. Sabitha & K. Lakshmipriya (2024):**

Reviewed perceptions of Indian taxpayers on GST, noting inconsistencies in findings due to its novelty in indirect taxation research.

**Arun Sharma & Poonam Sharma (2023):**

Proposed a holistic model to examine attitudinal factors in tax compliance, emphasizing the taxpayer–state relationship beyond enforcement.

**Baseka (2022):**

Studied factors influencing SME adoption of digital tax systems in Tanzania, highlighting technology use, knowledge, and compliance impact.

**Jaipal Singh & Arun Sharma (2021):**

Identified non-economic factors like social capital and fiscal exchange influencing youth tax compliance attitudes using structural equation modelling.

**Divakaran Reddy (2021):**

Examined behavioral drivers behind persistent tax gaps, stressing that improved compliance raises vital government revenues.

**Mohinder Singh & Anshu Duhoon (2023):**

Reviewed literature on corporate tax avoidance, revealing influences like CSR, firm traits, and political ties on tax behavior.

**Helhel & Ahmed (2020):**

Found that high tax rates and unfair structures reduce compliance in Yemen, compounded by weak audits and lenient penalties.

**Gowtham Ramkumar & Lakshmipriya Kalimuthu (2023):**

Used structural modelling to explore Indian taxpayer perceptions of GST five years post-implementation.

**Sanjeev Kumar & Shubham Garg (2024):**

Applied extended Theory of Planned Behavior to assess compliance behavior of GST taxpayers in India.

**Kumar A (2018):**

Investigated salaried taxpayers' opinions on tax reforms in Tamil Nadu, revealing overall negative perceptions.

**Ushaa Nair (2024):**

Identified four main predictors—economics, awareness, enforcement, and justice—affecting customs tax non-compliance.

**Muhammad Ivanda (2024):**

Studied coal companies in Indonesia, finding tax avoidance linked to financial success, with CSR and green accounting as moderating factors.

**Kirima M & Richard V (2023):**

Assessed E-filing effectiveness in Tanzania, finding improved compliance among Arusha wholesalers through digital adoption.

**Nikit Singhal & Shweta (2022):**

Empirically confirmed GST's positive impact on India's economic development and tax base expansion.

**Rakesh Kumar Sharma (2023):**

Found GST reforms enhanced operational performance and cost efficiency in Indian MSMEs.

**Sathasivam N (2024):**

Discovered significant links between tax evasion and morale, fairness, and complexity among Malaysian MSMEs.

**Supranachakraborty (2023):**

Differentiated between tax evasion and avoidance while examining countermeasures and fiscal integrity enforcement.

**Mohammed Ibrahim & Sagir Lawal (2023):**

Investigated SME compliance in Nigeria, revealing tax knowledge, complexity, and responsibility as key behavioral drivers.

## CONCLUSION

The perception of taxpayers towards the existing taxation system in India plays a vital role in determining tax compliance, trust in government policies, and overall economic growth. This study highlights that while significant reforms, such as the introduction of Goods and Services Tax (GST) and digital tax filing systems, have improved efficiency, many taxpayers still face challenges related to complexity, transparency, and administrative inefficiencies. Factors such as cumbersome tax procedures, high tax rates, lack of awareness, and concerns over corruption influence taxpayers' attitudes towards compliance. To build a more taxpayer-friendly system, it is essential for the government to simplify tax laws, improve transparency in revenue utilization, enhance digital accessibility, and strengthen tax administration. Additionally, fostering a culture of voluntary tax compliance through incentives and education can significantly improve public trust and participation in the tax system. By addressing these concerns, India can create a more efficient, fair, and transparent taxation framework that not only increases revenue collection but also strengthens the nation's economic foundation.

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