

Income Tax Compliance: An Analysis of Perspectives

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Governments around the world focus on tax compliance. Given the limited resource availability coupled with growing economic obligations, tax compliance efforts have become a backbone of tax system reforms. Hence, there is an immense scope of soliciting enhanced compliance across the self-employed category assesses. The present study attempts to identify issues relevant from the self-employed category taxpayers' perspective that can stimulate tax compliance efforts. The factor analytic results generated eight factors explaining 60.22 per cent of the total variation. These factors namely fair tax system, tax compliance improvement initiatives, rationalizing tax system, rewarding the compliance, structure complexity, tax provisions flexibility, higher tax relief and supportive system were further regressed over the dependent variable. The results revealed that except for two variables, i.e., higher tax relief and supportive system, other independent variables have a significant influence on the overall level of satisfaction with the Indian income tax system.

I Introduction

Taxes have become an indispensable part of government revenue. Adore them or abhor them, but a person can't ignore them. Right from the moment one wakes up in the morning till the time one goes back to the bed at night, taxes are something one keeps a daily appointment with. Right from a pen to a plane whatever one avails, we are subjected to taxation by the state. In such a scenario, an individual feels 'overburdened' by the state and its regulations. Such a perceived transgression, in the absence of acknowledging a citizen's perspective often results into choosing an 'exit option' rather than making a 'voice option'. Kautilya observed that a king should extract taxes from his public just like a bee extracts honey from the flowers. A right amount that ensures both of them survives and flourishes.

The problem of tax non-compliance and tax evasion is as old as taxes themselves. "Tax is being presented as a 'burden' from which, we all need

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