A STUDY ON TAX PAYERS ATTITUDE TOWARDS TAX EVASION IN COIMBATORE CITY

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Abstract
Tax refers to the compulsory exaction from the public by public authorities for public purposes. There are various types of taxes, such as income tax, corporate tax, property tax, inheritance tax and they are classified as direct or indirect taxes. An income tax is a tax imposed on individuals or entities (taxpayers) that varies with respective income or profits (taxable income). The evil of tax evasion starts where the national interest ends. In India corporate evade taxes in order to maintain some black money to be used for transactions with government bodies and government servants. Professionals evade taxes in order to save for future/rainy days since tax rates are very high that too multiple in number. Politicians and public servants generally evade taxes since their income is out of bribes and illegal. Tax evasions have numerous ill effects on the tax payer, total revenue and the society. Most of the sectors in India like real estate, financial market, bullion and jewelry market, non-profit organizations, external trade, etc. generate black money and evade tax for its survival in the market. The various measures have been taken by government to fight against tax evasion. Hence in this study, an attempt has been made by the researcher to analyze the taxpayers attitude toward tax evasion in Coimbatore city. A purposive random sampling method has been used and a total of 100 respondents were surveyed by using a questionnaire in this study. The results showed that majority 43% of the respondents neither agree or disagree that high rate of tax is responsible for tax evasion and majority of the surveyed respondents stated that continuous inspection by the government auditors to check whether taxes are paid by the tax payers are the major measure that can be taken by the government to avoid tax evasion.

Key words: Tax evasion, Tax payers, Income Tax.

Introduction

ax is an amount of money that people have to pay to the government so that it can pay for public services. Tax refers to the compulsory exaction from the public by public authorities for public purposes. There are various types of taxes, such as income tax, corporate tax, property tax, inheritance tax and they are classified as direct or indirect taxes.

Most countries have a tax system in place to pay for public, common or agreed national needs and government functions. Some levy a flat percentage rate of taxation on personal annual income, but most scale taxes based on annual income amounts. Most countries charge a tax both on corporate income and dividends. Countries or subunits often also impose wealth taxes, property taxes, sales taxes, value-added taxes, payroll taxes or tariffs.

An income tax is a tax imposed on individuals or entities (taxpayers) that varies with respective income or profits (taxable income). Income tax generally is computed as the product of a tax rate times taxable income.

Tax avoidance is the use of methods that are of legal methods to reduce an individual's financial status to lower the amount of tax, especially income tax to be paid. This is generally accomplished by claiming plausible and permissible deductions and tax credits. People generally confuses tax evasion and avoidance. The evil of tax evasion starts where the national interest ends.

In India corporate evade taxes in order to maintain some black money to be used for transactions with government bodies and government servants. Professionals evade taxes in order to save for future/rainy days since tax rates are very high that too multiple in number. Politicians and public servants generally evade taxes since their income is out of bribes and illegal.

Tax evasion is the outcome of individual taxpayer behaviour and social norms on the supply side, and shortcomings in tax administration on the demand side. To begin with, the tax structure has to perceive as equitable across various groups of taxpayers. Also, if marginal rates are too high, tax payers are likely to find ways to evade tax. Across the world, these aspects are well recognized today, and the outcome of international tax harmonization has been a lowering in the rate structure (to improve incentives) and attempts at broadening the tax base (to reduce inequities).

The difference between actual revenue collection and an estimation of potential collection is the tax gap. It is an estimate of total leakage, comprising the effects of tax avoidance, tax evasion and corruption. Typically, however, the tax gap is referred to as estimated tax evasion. Estimating tax evasion can be direct or indirect. The indirect method links tax evasion to the underground economy since the latter could be thought of as the size of economic activity that would be taxed if reported in tax returns. A more direct method of estimating the tax gap, in particular for VAT, is to obtain potential VAT revenue from the country's input-output matrix and to compare it with VAT revenue collection.

Tax evasions have numerous ill effects on the tax payer, total revenue and the society. Most of the sectors in India like real estate, financial market, bullion and jewelry market, non-profit organizations, external trade, etc. generate black money and evade tax for its survival in the market. The various measures have been taken by our government to fight against tax evasion. Hence in this study, an attempt has been made by the researcher to analyze the tax payer's attitude toward tax evasion in Coimbatore city.

Statement of the Problem
Tax refers to the compulsory exaction from the public by public authorities for public purposes. But many tax payers nowadays hesitate to pay the tax and start evading the tax. The evil of tax evasion starts where the national interest ends. Mainly there are three reasons for tax evasion (1) Exorbitant rates of taxes (2) Lack of simplicity/transparency in tax laws (3) Inefficient and corrupt government administration. The tax evasion is a huge revenue loss for the government. It should not be encouraged. Hence in this study, an attempt has been made by the researcher to analyze the taxpayer's attitude towards tax evasion in Coimbatore city.

Scope of the Study
Tax evasion is the purposeful attempt of a taxpayer not to pay tax and this action affects the generation of revenues in India. Government of India has taken various steps and efforts to prevent the economy fall down due to tax evasion. Despite of steps taken by the government, the people of India who is paying the tax should save this nation against tax evasion. So this study attempts to analyze the taxpayer's attitude towards present tax system and their opinion towards tax evasion and measures that can be taken by the government to avoid tax evasion.

Objectives of the Study
1. The study aims to achieve the following objectives. They are
2. To analyze the tax payer's attitude towards present tax pattern
3. To analyze the tax payer's opinion towards tax evasion
4. To identify the measures that can be taken by the government to avoid tax evasion

Research Methodology

Type of research	:	Quantitative research
Area of the study	:	Coimbatore City
Sources of data	:	Primary and Secondary Data
Tools used for Data collection	:	Questionnaire
Scaling technique used	:	Likert Scaling
Sampling design	:	Purposive random sampling method
Sample size	:	100 Respondent's
period of study	:	June 2019 to December 2019
Statistical tools used	:	Percentage analysis and Mean scoring analysis

Limitations of the Study
In spite of the fullest effort put in by the researcher, this research work also possesses certain limitations. Some of the unavoidable limitations of the present study are as follows.

1. This study covers only Coimbatore city and hence the results may vary.
2. Only the tax payers are the respondents of this study.
3. Taxpayers are free to disclose about their own tax returns or related information as per law, but some of the respondents are refused to disclose their confidential information.

Analysis and Interpretation:
Personal Profile of the Respondents

Table No. 1,
The below table no.1 shows the personal profile of the respondents associated with this Study.

Factors	Classification	Frequency	Percent
Age	Less than 20 years	0	0
	21 - 30 years	20	20
	31 - 40 years	**35**	**35**
	41 - 50 years	25	25
	More than 50 years	20	20
	Total	**100**	**100**
Gender	Male	**65**	**65**
	Female	35	35
	Total	**100**	**100**
Marital Status	Married	**56**	**56**
	Unmarried	29	29
	Divorced	15	15
	Total	**100**	**100**
Educational Status	No formal education	10	10
	Primary level	21	21
	Secondary level	11	11
	Diploma	20	20
	Under-graduation	**22**	**22**
	Post-graduation	9	9
	Professional course	7	7
	Total	**100**	**100**
Occupational Status	Self-employment	**35**	**35**
	Government employee	21	21
	Private employee	25	25
	Professionals	14	14
	Others	5	5
	Total	**100**	**100**
Family Type	Joint family	**63**	**63**
	Nuclear family	37	37
	Total	**100**	**100**
Family Size	1 to 3 Members	**52**	**52**
	4 to 6 members	32	32
	Above 6 members	16	16
	Total	**100**	**100**

Economic status of the family	Less than Rs 20,000	0	0
	Rs 20,001 - Rs 30,000	5	5
	Rs 30,001 - Rs 40,000	16	16
	Rs 40,001 - Rs 50,000	**52**	**52**
	More than Rs 50,001	27	27
	Total	**100**	**100**

Source: Primary Data

Table No. 2
Importance of Tax

S.No	Agreeability	Frequency	Percentage
1	Strongly Agree	**48**	**48**
2	Agree	40	40
3	Neither Agree/Disagree	7	7
4	Disagree	3	3
5	Strongly Disagree	2	2
	Total	**100**	**100**

Source: Primary Data

From the above table no. 2, it is revealed that out of total respondents taken for the study, 48% of the respondents strongly agreed that tax is important for the country's success and economy, 40% of the respondents agree, 7% of the respondents neither agree/disagree, 3% of the respondents disagree and 2% of the respondents strongly disagreed that tax is important for the country's success and economy.

Majority 48% of the respondents strongly agreed that tax is important for the country's success and economy.

Table No. 3
Payment of Tax

S.No	Duration	Frequency	Percentage
1	Before the due date	**52**	**52**
2	After the due date	13	13
3	Advance tax	35	35
	Total	**100**	**100**

Source: Primary Data

From the above table no. 3, it is revealed that out of total respondents taken for the study, 52% of the respondents stated that they will pay the tax before the due date, 35% of the respondents will pay tax in advance and 13% of the respondents will pay tax after the due date.

Majority 52% of the respondents will pay the tax before the due date.

Table No. 4
Opinion about the Current Tax Rate

S.No	Fairness Level	Frequency	Percentage
1	Very Fair	15	15
2	Fair	39	39
3	Unfair	**46**	**46**
	Total	**100**	**100**

Source: Primary Data

From the above table no. 4, it is revealed that out of total respondents taken for the study, 46% of the respondents stated that current tax rates are unfair, 39% of the respondents stated that the current tax rates are fair and 15% of the respondents stated that the current tax rates are very fair.

Majority 46% of the respondents stated that current tax rates are unfair.

Table No: 5
Spending Taxes by The Government

S.No	Confident Level	Frequency	Percentage
1	Highly Confident	6	6
2	Confident	41	41
3	Not Confident	**53**	**53**
	Total	100	100

Source: Primary Data

From the above table no. 5, it is revealed that out of total respondents taken for the study, 53% of the respondents are not confident that the taxes collected by the government are spent wisely, 41% of the respondents are confident that the taxes collected by the government are spent wisely and 6% of the respondents are highly confident that the taxes collected by the government are spent wisely.

Majority 53% of the respondents are not confident that the taxes collected by the government are not spent wisely.

Table No. 6
Opinion about Level of Income and Tax Evasion

S.No	Opinion	Frequency	Percentage
1	Yes	48	48
2	No	**52**	**52**
	Total	100	100

Source: Primary Data

From the above table no. 6, it is revealed that out of total respondents taken for the study, 52% of the respondents stated that the level of income is not responsible for tax evasion and avoidance and 48% of the respondents stated that the level of income is responsible for tax evasion and avoidance.

Majority 52% of the respondents stated that the level of income is not responsible for tax evasion and avoidance.

Table No. 7
Agreeability about Rate of Tax and Tax Evasion

S.No	Agreeability	Frequency	Percentage
1	Strongly Agree	7	7
2	Agree	30	30
3	Neither Agree/Disagree	**43**	**43**
4	Disagree	16	16
5	Strongly Disagree	4	4
	Total	100	100

Source: Primary Data

From the above table no. 7, it is revealed that out of total respondents taken for the study, 43% of the respondents neither agree/disagree that high rate of tax is responsible for tax evasion and avoidance, 30% of the respondents

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agree, 16% of the respondents disagree, 7% of the respondents strongly agree and 4% of the respondents strongly disagreed that high rate of tax is responsible for tax evasion and avoidance.

Majority 43% of the respondents neither agree/disagree that high rate of tax is responsible for tax evasion and avoidance.

Table No. 8
Details About Punishment Levied For Tax Evasion And Avoidance

S.No	Agreeability	Frequency	Percentage
1	Strongly Agree	4	4
2	Agree	**43**	**43**
3	Neither Agree/Disagree	32	32
4	Disagree	11	11
5	Strongly Disagree	10	10
	Total	**100**	**100**

Source: Primary Data

From the above table no. 8, it is revealed that out of total respondents taken for the study, 43% of the respondents agreed that the government is punishing the individual or company who avoids or evades tax, 32% of the respondents neither agree/disagree, 11% of the respondents disagree, 10% of the respondents strongly agree and 4% of the respondents strongly agreed that government is punishing the individual or company who avoids or evades tax.

Majority 43% of the respondents agreed that government is punishing the individual or company who avoids or evades tax.

Table No. 9
Source Used To Increase Awareness about Importance Of Paying Tax

S.No	Source	Frequency	Percentage
1	TV/ Advertisement	15	15
2	Radio	3	3
3	Social media	34	34
4	Newspaper &magazines	**42**	**42**
5	Issue of pamphlet, leaflet and notice	4	4
6	Others	2	2
	Total	**100**	**100**

Source: Primary Data

From the above table no. 9, it is revealed that out of total respondents taken for the study, 42% of the respondents stated that newspaper and magazines can be used among people to increase the awareness about importance of paying tax, 34% of the respondents stated social media, 15% of the respondents stated TV / Advertisement, 4% of the respondents stated issue of pamphlet, leaflet and notice, 3% of the respondents stated radio and 2% of the respondents stated that through others can be used among people to increase the awareness about importance of paying tax.

Majority 42% of the respondents stated that newspaper and magazines can be used among people to increase the awareness about importance of paying tax.

Table No. 10
Mean Scoring Analysis Showing The Measures That Can Be Followed By Government To Avoid Tax Evasion

The measures that can be followed by the government to avoid tax evasion is analyzed through mean scoring analysis

S. No.	Measures	Rank Value	I 1	II 2	III 3	IV 4	V 5	VI 6	VII 7	VIII 8	Total score	Mean	Rank
1	Continuous inspection by the government auditors to check whether taxes are paid	No.	8	32	20	13	8	8	6	5	354	3.54	I
		Score	8	64	60	52	40	48	42	40			
2	Creating more awarness about E-Tax payment procedure	No.	24	1	5	20	16	2	25	7	444	4.44	III
		Score	24	2	15	80	80	12	175	56			
3	Conducting tax raids and seizures	No.	30	17	2	4	12	20	3	12	383	3.83	II
		Score	30	34	6	16	60	120	21	96			
4	Providing monetary penalties and prosecution for the tax evaders	No.	12	10	7	17	28	4	10	12	451	4.51	IV
		Score	12	20	21	68	140	24	70	96			
5	Giving rewards to informers about tax evasion	No.	2	24	5	8	4	25	12	20	511	5.11	VII
		Score	2	48	15	32	20	150	84	160			
6	Awareness to people about tax has been utilized	No.	8	4	8	24	12	8	24	12	516	5.16	VIII
		Score	8	8	24	96	60	56	168	96			
7	Creating awareness about how economy has been developed due to tax	No.	8	4	24	4	8	28	8	16	496	4.96	VI
		Score	8	8	72	16	40	168	56	128			
8	Simplifying the tax payment procedure	No.	8	8	29	10	12	5	12	16	453	4.53	V
		Score	8	16	87	40	60	30	84	128			

Source: Primary Data

From the above table no. 10, it is revealed that majority of the surveyed respondents stated that the measures that can be taken by the government to avoid tax evasion is continuous inspection by the government auditors to check whether taxes are paid is ranked I, conducting tax raids and seizures which is ranked II, creating more awareness about E – Tax payment procedure which is ranked III and the fourth, fifth, sixth, seventh and eighth rank is providing monetary penalties and prosecution for the tax evaders, simplifying the tax payment procedure, creating awareness about how economy has been developed due to tax, giving rewards to informers about tax evasion and awareness to people about how tax has been utilized.

It is concluded that majority of the surveyed respondents stated that continuous inspection by the government auditors to check whether taxes are paid are the major measure that can be taken by the government to avoid tax evasion.

Suggestions
➢ According to this study, it is revealed that high tax rate is responsible for tax evasion, so government should consider in reducing the tax rate
➢ Strong surveillance system should be established due to it the taxpayer's are prohibited from tax evasion and punished for it
➢ Tax law should be simplified
➢ Strong corruption law should be formulated against the public who is doing tax evasion
➢ An awareness should be organized among the public about the drawbacks happened to the country due to the tax evasion

Conclusion
Tax evasion is primary cause of low government revenue. This is due to the fact that there exist corrupt tax collectors, inefficient tax structure that the most of the developing countries around the world suffer tax evasion. This results in accounted money and creation of a parallel economy. The tax structure and collection tiers are to be changed if there needs to be change in a country's economy. Tax relaxation is required for reducing the amount of tax evasion and stricter punishments are to be enforced for the crimes of tax evasion to reduce the gap. People do consider paying taxes, even if the person is economically sound. It may be due to the fact that their tax money doesn't reach the government for social welfare measures.

Having been aware of the ill effects of tax evasion, it becomes each one of our responsibility to support the government by complying with the tax procedures and pay taxes promptly. As it is rightly said that every drop of water makes an ocean, it can also be said that our small contribution makes a huge difference in the growth of the economy. Instead of expecting for change to happen, let us be the change agents who can bring in a drastic development by just fulfilling our responsibilities promptly. If each one of us speaks the same language, then there will be least or no scope for us to be exploited by any institution or authority.

So let's fulfill duties first and claim our rights next. In this study, an attempt has been made to analyze the taxpayer's attitude towards tax evasion in Coimbatore city and it is found that majority of the respondents stated that high rate of tax is responsible for tax evasion and avoidance. Further there is also a need to educate the people about Indian Tax law and create such an environment in which they pay their due taxes, do not evade the tax and feel proud in discharging their duty to pay the taxes.

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