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Corruption in Taxation System and Its Effects on Indian Gross Domestic Product: An Analysis Study

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Abstract:
Purpose: This study aimed to examine the impact of corruption on the relationship between taxation and Gross Domestic Product. It required determining whether corruption acts as a controlling factor that interrupts the positive association between taxation and Gross Domestic Product rate. The study employed fundamental analysis methods to establish a deeper understanding of the fundamental relationships between taxation, corruption, and Gross Domestic Product.
Methodology: A well-structured questionnaire was distributed to teachers, Advocate, Engineer, Businessman and others in the Haryana, Delhi, Chandigarh and Rajasthan states for this purpose. The responses of 530 people were organised in a systematic way. These responses reflect the respondents' perceptions and attitudes. These perceptions represent respondents' attitudes about the corruption in direct tax system in India
Findings: The F value and the corresponding E values of all the attributes which is less than 0.05 (E >0.05), the F value (26.997) is greater than the tabular value. This indicatesthat there is enough evidence to reject the null hypothesis (H_0), that the perception of respondents regarding reasons for high level of corruption is different he result of Chi-Square .It is clear that the significancevalue (p value) of Pearson Chi- Square (0.047) and Likelihood Ratio (0.045) are less than the criteria value at 5% level of significance. They are statistically significant. Hence, the null hypothesis is rejected. So it can be inferred that there is a significant relationship between occupation/types of respondent and their opinion regarding corruption is prevalent in direct tax system

Keywords: Taxation corruption, Economics Growth, taxation Systems and Corruption

INTRODUCTION

INCOME TAX ACT, 1961

Income tax is one of the most significant types of direct taxes which is levied and collected by the Central Government on the total income of the person. It is the main source of raising public revenue. The Government of India has set up a distinct income tax department for this determination and approved the Income Tax Act, 1961 to govern the said tax. Though income tax is imposed and collected by the Central Government, a certain portion of it is dispersed among the Situations for their welfare

projects. The income tax department purposes under the direct control and management of Central Board of Direct Taxes (CBDT) and is a part of Department of Revenue, Ministry of Finance, Government of India. Mostly income tax is a tax imposed on previous year's total taxable income of a person at the rates applicable during the current year. It is governed by Income tax Act 1961.

Income Tax Act, 1961 covers to the whole of India. It came into force on April 1st, 1962. The Act contains 298 sections and XIV schedules 1. Income-tax Rules 1962, which came into force on 1st day of April 1962, would form part of the Income tax Act 1961, for its effective application. The rates of income tax and various other rates are revised by the Finance Act which is approved every year by the Parliament.

Objective of Income Tax Act 1961

Economic Development

One of the main objectives of this Act is the economic growth or economic development of the country. The economic growth or economic development of a country is directly proportional to the growth of capital formation of the country. To overcome the scarcity of capital, the government introduced the Income Tax Act, 1961, which mobilized the resources of the country so that a rapid accumulation of capital could take place. The burden of new taxes or creation the taxes higher will help in the process of capital formation easily.

Full Employment

The second objective of the Income Tax Act, 1961 is employment. The employment proportion in a country depends upon the effective demand for expert professionals and the supply of well-paying jobs. Meant for this, the tax rates have to be reformed down to achieve the goal of full employment. In return, the demand for goods and services will be higher, subsequent in capital formation in the country as it will give increase to both employment and income by the multiplier instrument.

Stability of Price

The importance of stable prices is high. With the application of the Income Tax Act, 1961, safeguarding price stability becomes easier, even though it is a short-term goal of taxation. Under this Act, the authorities complete easy control over the increase of prices. With the increase in direct taxes, there has been controlling private spending. Hence, the density is reduced on the commodity market. Then, opposite effects on the market and growth can takings place if the prices are reduced during the reduction.

Control over Cyclical Fluctuations

Regulatory the cyclical economic variations are another objective of this Act. During an economic depression in the country, taxes are dropped, while, in the case of an economic boom, there is an increment in taxes so that cyclical fluctuations in monetary value break.

Reduction for the BOP Difficulties

Taxes like custom duties are also imposed under the Income Tax Act, 1961, to control the import of certain goods. It is also done to decrease the balanced intensity of payment difficulties as well as inspire domestic production of alternates for imports.

Non-Revenue Objective

The non-revenue objective of the Income Tax Act, 1961, encourages the inequalities in the wealth and income of the citizens. This is done by charging higher amounts of tax for the rich people than the poor and introducing a system of progressive taxation methods.

Advantages of Income Taxes

Simple: The concept of direct tax is very simple and easy to understand.

Equity: In India, direct tax is based on the principle of progression. In progressive tax structure, a higher rate of tax is imposed on higher income which brings the equity in tax system.

Economy: The payment of direct tax is made directly by the tax payer to the government. So, the collection cost is less as compared to indirect tax.

Certainty: Another advantage of direct tax is certainty of tax amount. The tax payer exactly knows how much he has to pay and the Government also knows how much it has to receive.

Elasticity: Direct taxes follow the principle of elasticity. It indicates that income from direct taxes automatically increases with the increase in income. The government can increase its revenue just by raising the tax rate.

Disadvantages of Income Taxes

Mental Tension: The main disadvantage of direct tax is that it creates mental tension in the mind of tax payer. They think that it is waste and burdensome without any direct return.

Tax Evasion: There is always a chance of tax evasion. It can be easily evaded by the tax payer through malpractices.

Narrow Scope: The scope of direct tax is limited. It can be imposed on certain groups or in certain conditions.

Opposed by Tax Payers: Generally tax payers have a tendency to oppose direct taxes because it create monetary burden without any direct benefit conferred

Inconvenient and Expensive: There is a lot of compliance in direct taxes which make it very complex. These complexities create inconvenience for the tax payer. Sometime it is expensive to collect direct tax from every tax payer.

The impact of direct tax on economic growth

The direct tax is one of the important sources of government revenue. Further it also directly impacts the disposable income of individuals. If the direct tax rate is increased by the Government, people start saving for investment purposes. Due to this behavior, the income generation process of an individual is hampered. Particularly this is true for luxury commodities. This decreases the production of luxury commodities in the economy and as a result also adversely affects the GDP and standards of living. However, on the positive side, if proper deductions are allowed based on investments, it leads to capital formation in the country. Thus, broadly following are the positive sides of direct taxes on the economic growth:

1. Better capital formation
2. Inducement of saving and investment
3. Surety of Government's revenue growth
4. Increase in planned expenditure of government
5. Decrease in inflation rate due to lesser availability of disposable income to persons
6. Timely availability of revenue to the Government

CORRUPTION IN INDIA

Corruption in taxation, in all its shows, has existed for as long as taxation itself. Great philosopher

Kautilya once said, "Just as it is impossible not to taste honey (or poison) placed on the tongue's surface, so too is it impossible for one handling the king's money to taste the money, however small a quantity." Furthermore, he says, "Officers designated for carrying out works cannot be known when appropriating money, just as fish moving inside water cannot be known when drinking water" (Kangle 1972). Therefore, corruption is a global issue.

In its most basic form, corruption refers to unethical or dishonest actions taken by those in positions of authority in order to further their own interests. According to a recent Transparency International survey, India's Corruption Perception Index ranking for 2022 placed it as the 85thleast corrupt country out of 180. Corruption seriously hinders a nation's ability to develop. It has an impact on a number of factors, including political instability, decreased trust and confidence, deteriorating profitability, economic waste and inefficiency, reduced investment, reduced revenues, increased fiscal deficit, and reduced investment quality. Over the last few years, there have been several instances of corruption or bribery involving officers and staff from the direct tax department. Therefore, reducing the amount of corruption is essential. In an effort to reduce tax system corruption, Hon. Prime Minister Narendra Modi recently announcedthat the income tax department will change the performance appraisal system and implement an open online platform for returns and their examination. He also says that the most important thing should be to priorities honest taxpayers. Taxpayers should ask questions online and receive responses via email. Every communication should have an electronic trail that can be seen. In light of these problems, the government has launched a number of programmes to reduce corruption, including the e-Government programme, updated appraisal forms, such as the Electronic Verification Code (EVC) and Annual Performance Appraisal Report (APAR), Internal Audit, Taxpayer Services, Centralised Processing Centre, and Proposed Email Project.

Review Literature

Lyeonov et al. (2023) this paper studied main purposed was to assess the probabilistic impact of corruption in climate finance on attaining zero emanations. The study used the methods of survival analysis, namely the Kaplan-Meier approach and the direct proportional dangers regression model, to investigate 114 countries that received international climate assistance during 2005-2021. The researcher found the main corruption risks in financing programs aimed at disputing climate change are financing with significant amounts of money; low level of competence in monitoring the application of the project; low level of transparency on the results of the work received; systemic corruption in the receiver countries of international support in such sectors of the economy as building, energy, and forestry; the urgency of financing measures to combat climate change in the world, etc. have a problem of corruption. The study empirically confirms that with a 1-point increase in the Corruption Observations Index, the probability of reducing emanations increases by 2.4581%, while the volume of climate finance does not have a statistically important impact on the performance indicator. It suggested that current climate investment in underdeveloped countries is incompetent of justifying the negative impact of climate change.

Lyeonov et al. (2023) this paper study main purposed the subject of the various effects of corruption on economic performance. The researcher used a correlation study to supported claims that corruption has a harmful impact on economic growth. a few factors contribute to India's widespread corruption, including a lack of transparency in the bureaucracy and a government-controlled monopoly on certain industries. In recent years, a number of high-ranking governmental officials have been involved in major frauds.

For example, the Coal Allotment Scam (Cost–186000 Crores), in which the Indian government was accused of inefficiently awarding coal blocks between 2004 and 2009, was one of the most significant scandals in India. The Commonwealth Games (CWG) Scam was another significant national fraud (Cost–70000 Crores).The researcher found that the relationship between the CPI and GDP is moderately positive. • There is a moderate correlation between the CPI and foreign direct investment (FDI). • The CPI does not appear to have a noteworthy linear association with the GDP growth rate. It is very significant to break the positive association between economic growth indicator and CPI. See-through governance and artificial intelligence can be used to control the danger.

Pauch (2023) the aim of the study is to evaluate the level of tax knowledge and analyze the awareness of taxes by students at the University of Szczecin. It also presents the differences in the awareness of taxes between male and female students. The research was conducted in the form of interviews using a paper questionnaire Paper & Pen Personal Interview on a sample of 927 students at the University of Szczecin between April and June 2020. The research results made it possible to accomplish the goal and answer the questions posed in the introduction. The students were mostly considered by an average or low level of knowledge about taxes. One in three respondents indicated that Opposites pay higher taxes than other European countries. Women are more willing to pay taxes, treating it as a responsibility (65%), while only 50% of the measured men think the same. Almost half of the respondents stated that failure to report income to pay lower taxes is an expression of the strength of the tax system.

Obura (2022) The purpose of the study was to be establish the relationship between direct tax and the Gross Domestic Product of the Kenyan economy. Time series data collected from Economic Survey 1999-2020, relating to Net Collection of Direct Taxes and real GDP in absolute terms for a period of 21 years (1999-2020) was used in the study. The data was analyzed using inferential statistics. The results showed that direct tax accounted for 84% of real GDP during the period under study (R2=.85) that there was a strong positive correlation between direct tax and real GDP (R=.916). Moreover, it was revealed that a unit standard increase in direct tax would significantly lead to .916 increase in real GDP (ß=.916, p<0.05).The study recommended that government should certify an effective and efficient way of gathering and using direct taxes since they have a direct bearing on the growth of the economy

OBJECTIVE OF THE STUDY

The primary objective of this study is to examine the perception of taxpayers regarding the taxation, corruption and Gross Domestic Product in India

Research Methodology

Both quantitative and qualitative research methodologies are being employed in the studies, and for this investigation, a descriptive and analytical technique has been used.

Data Collection Method

A well-structured questionnaire was distributed to teachers, Advocate, Engineer, Businessman and others in the Haryana, Delhi, Chandigarh and Rajasthan states for this purpose. The responses of 530 people were organised in a systematic way. These responses reflect the respondents' perceptions and attitudes. These perceptions represent respondents' attitudes about the taxation, corruption and Gross Domestic Product in India.

Sampling Design

The questionnaire consists of demographic questions, descriptive questions and the questions based on the thoughts and opinions of people questionnaire. The questions were created to evaluate respondents'

knowledge and viewpoints on the subject at hand. Taxation, corruption and Gross Domestic Product in India are the parameters that the questionnaire was built on.

Data Analysis and Interpretation

Analysis of the perception of taxpayers on the taxation, corruption and Gross Domestic Product in India is the goal of the research. This analysis makes use of descriptive analysis methods. Statistical methods such as frequency, percentage, mean, Chi-Square test are used to study and analyze the data.

Demographic profile of respondents

The demographic characteristics of the sample size were 530 respondents. Each variable's proportion is mentioned in the table below.

Age of the Respondents

Table 1.1: Age of the Respondents (in Year)

Age	No. of Respondents	Percentage	Cumulative Percentage
Below 25	40	7.56%	7.56%
25-35	170	32.08%	39.64%
35-45	182	34.34%	73.98%
45-55	82	15.47%	89.45%
55 & Above	56	10.55%	100%
Total	530	100%	

Source: Primary Data (Questionnaire)

Age : One of the most important demographic factors is age. It influences a person's perception, interest, taste, motivation, and behaviour. It means that age and the aforementioned elements are closely related. The age of respondents in the current study is divided into four categories.i.e. Below 25, 25-35, 35-45, 45-55 and 55 & Above The age profile of respondents are exemplifies in Table1.1. The data reveals that 34.34% of respondents are in the age group of 35-45 followed by 32.08% in the age group of 25-35, while10.55% respondent have an age above 55. The least proportion of respondent's age is 7.56% which have an age below 25year. Further the data reveals that majority of respondent (34.34)belong to 35-45 age group. This age group have majority of proportion in total working personnel in India. Thus the study represents the perception, attitude, belief, orientation, knowledge, behavior etc. of working personnel.

Gender of the Respondents

Table 1.2Gender of the Respondents

Gender	**No. of the Respondents**	**Percentage**	**Cumulative Percentage**
Male	362	68.30%	68.30%
Female	168	31.70%	100%
Total	530	100%	

Source: Primary Data (Questionnaire)

Gender is a term used by society to express the biological features of sex. Gender has a big impact on

how personnel are treated. It has a tremendous impact on people's beliefs, values, desires, behaviour, and purchasing decisions. As a result, analyzing the gender of responders is critical. Table1.2 depicts the information related to respondent's gender. Out of total validresponse, 68.30% are male and 31.70% are female respondent. The present study is dominated by male respondent.

Educational Qualification of the Respondents

Table 1.3 Educational Qualification of the Respondents

Educational Qualification	No.of the Respondents	Percentage	Cumulative Percentage
Intermediate or Less	62	11.70 %	11.70%
Graduation	184	34.72%	46.42%
Post-Graduation	180	33.94%	80.36%
Professional	104	19.64%	100%
Total	530	100%	

Source: Primary Data (Questionnaire)

Education: Another key factor in demographic analysis is qualification. The amount of education is closely related to the respondent's perspective, attitude, belief, knowledge, behaviour, and so on. This study divides education levels into five categories. i.e., Intermediate or less, Bachelor degree, Master degree, Professional degree and others. Table 1.3 exemplifies that 33.94% respondents have master degree followed by 19.64% respondents have a professional degree. Out of total valid response 34.72% respondents have their education up to bachelor degree 11.70 % have intermediate or less

OCCUPATION OF THE RESPONDENTS

Table 1.4: Occupation of the Respondents

Occupation	No. of theRespondents	Percentage	Cumulative Percentage
Teacher	220	41.51%	41.51%
Advocate	75	14.15%	55.66%
Engineer	40	7.55%	63.21%
Businessman	98	18.49%	81.7%
Others	97	18.30%	100%
Total	530	100%	

Source: Primary Data (Questionnaire)

Another important component in the current study is the respondent's occupation. The nature of our occupation produces a particular atmosphere for work and activity, which shapes our perception and attitude towards numerous things. Table 1.4 exemplify the occupation of the respondents. The analysis reveals that 41.51% respondents are teachers followed by 18.49%respondents come under the category of businessman. Out of total respondent, 14.15% respondents belong to come under Advocate category while 7.55 % respondents are engineer . The rest of 18.30% respondents come under the other category.

Table 1.5: Annual Income of the Respondents (Annual Income in ₹)

Annual Income	No. of the Respondents	Percentage	CumulativePercentage
Up to 300000	50	9.43%	9.43%
Between 300000-500000	115	21.70%	31.13%
Between 500000-1250000	195	36.80%	67.93%
1250000 - 1500000	132	24.91%	92.84%
Above 1500000	38	7.16%	100%
Total	530	100%	

Source: Primary Data (Questionnaire)

Annual Income**:** Basically, the quantity of income signifies a person's ability or inability to purchase goods andservices. Their way of life and manner of living reflect this. The income level of respondents of the present study are exemplifies in Table 1.5. The data reveals that 36.80% respondents have an income between 5,00,000 to 12,50,000 lakh per annum followed by 24.91% having an income of 12,50,000 to 15,00,000 lakh per annum. 21.70 % respondent's lies in the income group of 3,00,000 to 5,00,000 lakh per annum, 7.16% respondents have an income above 15 lakh per annum and only 9.43 % respondents earn below3 lakh in one year.

MARITAL STATUS OF THE RESPONDENTS

Table 1.6: Marital Status of the Respondents

Marital Status	No. of the Respondents	Percentage
Married	431	81.32%
Unmarried	99	18.68%
Total	530	100%

Source: Primary Data (Questionnaire)

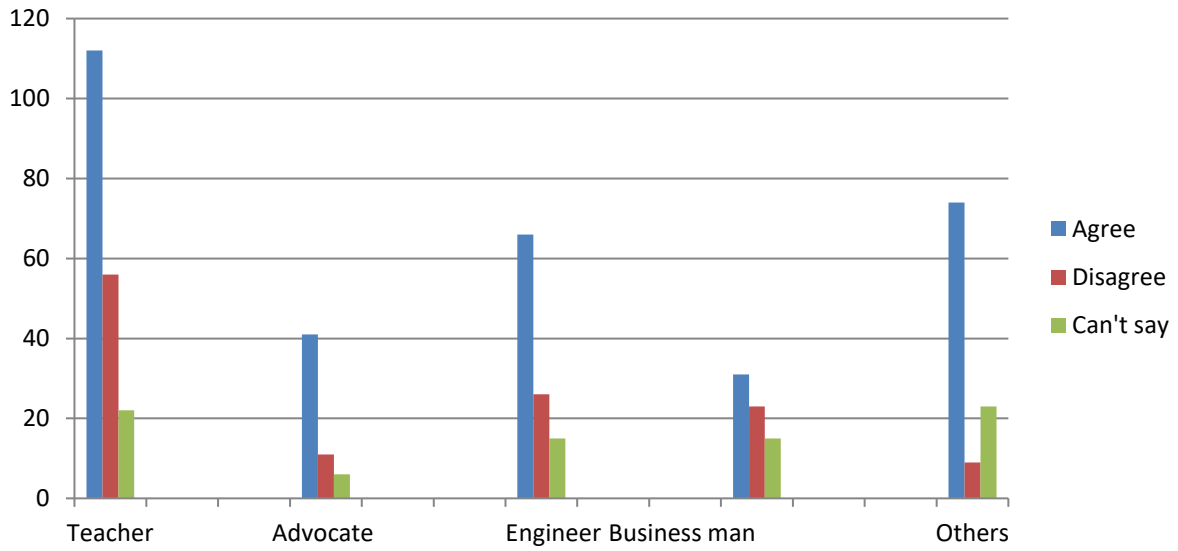
Marital Status : The respondents' marital status was also gathered for the study. It was divided into two groups: married and unmarried. Table 1.6 furnishes the respondents distribution sample on the marital status basis. The data show that 81.32 percent of the employees are married, 18.68 percent ofthem are unmarried.

Table 1.7 Frequency distribution of Corruption is Prevalent in Direct Tax System

Corruption is Prevalent in Direct Tax System						
			Does the direct tax system have a high level of corruption?			Total
			Agree	Disagree	Can't say	
Employment Status	Teacher	Count	112	56	22	190
		% within Employment Status	58.95%	29.47%	11.58%	100.0%
	Advocate	Count	41	11	6	58
		% within Employment Status	70.68%	18.96%	10.36%	100.0%

	Engineer	Count	66	26	15	107
		% within Employment Status	61.68%	24.29%	14.03%	100.0%
	Business man	Count	31	23	15	69
		% within Employment Status	44.92%	33.33%	21.75%	100.0%
	Others	Count	74	9	23	106
		% within Employment Status	69.81%	8.49%	21.7%	100%
Total		Count	324	125	81	530
		% within Employment Status	61.13%	19.06%	15.28%	100.0%

Source: Primary data



Employment Status Chart 1.1 A : Corruption in taxation System

To know the existence of corruption in present direct tax system respondents were asked to give their opinion for the same. . The cross-tab matrix between the occupation and the opinionregarding corruption is prevalent in direct tax system is exemplifies in table 1.7. The opinionregarding corruption is prevalent in direct tax system is divided into 3 categories i.e., agree, disagree and can't say. The table .1.7 and chart 1.1A exemplifies that 61.13% respondents have an opinion that corruption is prevalent in present direct tax system.19.06% respondents feel that there is no corruption in direct tax system. 15.28% respondents have no idea about the existence of corruption in direct tax system. Further it is requested to those respondents who have agreedthat corruption is prevalent in direct tax system to give their opinions for the selected probablereasons for the same. To check the significance of the opinion Chi-Square test is being used.

Table 1.8 Association between Employment Status & Corruption is Prevalent inDirect Tax System

Chi-Square Tests			
	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	15.813[a]	8	0.047
Likelihood Ratio	15.903	8	0.045
Linear-by-Linear Association	.285	1	0.600
N of Valid Cases	530		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.63.			

Source: Primary data

The result of Chi-Square is given in table 1.8 From the table it is clear that the significancevalue (p value) of Pearson Chi- Square (0.047) and Likelihood Ratio (0.045) are less than the criteria value at 5% level of significance. They are statistically significant. Hence, the null hypothesis is rejected. So it can be inferred that there is a significant relationship between occupation/types of respondent and their opinion regarding corruption is prevalent in direct taxsystem.

Reasons for high level of corruption

For a variety of reasons, taxpayers find it challenging to adhere to tax laws and regulations. Statements provide justifications for using chartered accountants or tax professionals. Respondents were asked to use a five-point Likert scale to score the reasons. A scale of 1 to 5 represents Strongly Disagree to Strongly Agree. In this instance, strongly disagreeing is rankedlower while strongly agreeing is ranked higher.

Table:1.9 Frequency distribution of Reasons for high level of corruption

Variables	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Total**
Concentration ofpower	25 (4.7)	106 (20)	154 (29.05)	172 (32.45)	73 (13.8)	530 (100)
Low probability of detection	35 (6.6)	118 (22.26)	163 (30.75)	158 (29.81)	56 (10.58)	530 (100)
Lack of transparentsystem	19 (3.6)	95 (17.9)	205 (38.7)	147 (27.7)	64 (12.1)	530 (100)
Harassment ofTaxpayer	27 (5.1)	86 (16.2)	219 (41.3)	126 (23.8)	72 (13.6)	530 (100)
Low pay ofemployee	9 (1.7)	98 (18.5)	156 (29.4)	198 (37.4)	69 (13)	530 (100)
ComplicatedProcedure	20 (3.7)	105 (19.8)	182 (34.3)	157 (29.6)	66 (12.6)	530 (100)
Time consuming andcostly judicial process	28 (5.4)	90 (16.9)	218 (41.1)	139 (26.2)	55 (10.4)	530 (100)

Source: Primary data

Table 1.9 shows the frequency distribution of ranks assigned by the respondents on each of the statements on reasons for professional advice.

Table: 1.10 Descriptive Statistics of Reasons for high level of corruption

Variables	N	Mean	Std. Deviation	Rank
Complicated Procedure	530	3.41	1.090	7
Harassment of Taxpayer	530	3.50	0.988	5
Time consuming and costly judicial process	530	3.44	0.976	6
Low probability of detection	530	3.30	1.084	4
Low pay of employee	530	3.64	0.978	1
Concentration of power	530	3.48	1.022	3
Lack of transparent system	530	3.56	0.978	2

Source: Primary data

Table 1.10 reveals that Low pay of employee (3.64) is the main reason for corruption in direct tax system. It is followed by the reason Lack of transparent system (3.56). The third responsiblefactor for corruption is Concentration of power (3.48) followed by the Low probability of detection (3.50). Harassment of Taxpayer (3.50) got fifth rank while Time consuming and costly judicial process (3.44) got sixth rank as the reason for corruption. Respondents have an opinion that Complicated Procedure (3.41) is the least contributing factor towards the corruption in direct tax system. Summing up altogether we can concluded that corruption is prevalent in direct tax system and the main reason for that corruption is Low pay of employee and Lack of Transparent System. So, the Government should established transparent &effective system of taxation and makes the provisions simple and easy.

Hypotheses Test

***H*0:** The perception of assessees regarding reasons for high level of corruption is the same.

Table 1.11 Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
Effective Enforcement	1.172	4	454	0.338

Source: Primary data

For testing of hypothesis that there is significant difference in the mean perception of the respondents, One-Way ANOVA was used. Since the data does not violate the Homogeneity (P value 0.338) and normality assumptions it is found that the ANOVA is tenable.

Table 1.12 ANOVA of Perception towards Reasons for high level of corruption

	Sum ofSquares	df	Mean Square	F	Sig.
Between Groups	61.514	4	15.806	26.997	0.000
Within Groups	261.417	526	0.575		
Total	322.536	530			

Source: Primary data

Table1.12 highlights the F value and the corresponding E values of all the attributes which is less than 0.05 (E >0.05), the F value (26.997) is greater than the tabular value. This indicatesthat there is enough evidence to reject the null hypothesis (H_0), that the perception of respondents regarding reasons for

high level of corruption is different. This indicates that the null hypothesis that there is significant difference among the respondents on the reasons for high level of corruption is rejected. From this it can be inferred that the tax payers' perceptionis the different on the reasons for high level of corruption.

Major Findings and Suggestions

The F value and the corresponding E values of all the attributes which is less than 0.05 (E >0.05), the F value (26.997) is greater than the tabular value. This indicates that there is enough evidence to reject the null hypothesis (H_0), that the perception of respondents regarding reasons for high level of corruption is different he result of Chi-Square .It is clear that the significancevalue (p value) of Pearson Chi- Square (0.047) and Likelihood Ratio (0.045) are less than the criteria value at 5% level of significance. They are statistically significant. Hence, the null hypothesis is rejected. So it can be inferred that there is a significant relationship between occupation/types of respondent and their opinion regarding corruption is prevalent in direct tax system.

SUGGUSTION

- Government should running an intensive awareness campaign twice in a year or at least once in a year for a week and a specific day should be declared as income tax day, which will be celebrated in each year.
- There is no difference made on the basis of government employees and non-government employees concerning any scheme of the income tax act.
- There should be no exemption available to the member of parliaments or the member of state legislature in respect of allowances and the provisions should be similar to all the peoples of the country.
- There is need to provide services to tax payers on 24 ×7 hour basis.
- The ITR form should be made more simplified so that the assessees can easily file their income tax return by own-self.
- The functioning of CBDT should be made more transparent from top to bottom label and take less time to get settled.

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