

# NEW TAX REGIME IN INDIA – WHAT IT CAN BE?

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*Considering the ever increasing graft problem and poor governance in Government departments it has become imperative that some drastic changes be brought in taxation system so that taxes paid by Indian public may not be easy pray on one hand and remain available for public welfare and maintenance work all the time. This article throw light on what these changes can be and how they can be implemented ?*

The whole of India including its government wish that taxation system should be as simple as possible. But with development and placing emphasis on particular sectors we find that it has become more and more complex. Ironically still more than 70% of Indian population is not in a position to pay various direct taxes. So when tax is to be collected from only about 30% population ,the taxes will be many , rates will remain high and tax assessment and collection laws will be complex. Furthermore we find that even those about 30% do pay only half or may be less of the taxes due from them leading to graft problem and poor governance of Government departments. The conclusion is that there is a dire need to touch the basic tenets of taxation .

The tax system should be such so as to induce people to pay taxes according to their capacity on one hand and it may not be taken as burden on the other. This is possible only when –

- the Government is able to assess the correct capacity of public ; and
- taxes collected from a particular area are first used in the interest of public residing or working in that area under a transparent system.

Both the above essential ingredients can be achieved if a **CIVIC CENTRE** (hereinafter called a CC or CCs) is established in a manageable area of a state and thus throughout the country with the functions which redress problems of public and also support MLAs to render needed services in their area.

In order to achieve their twin function these CCs need to be multi-dimensional & powerful in terms of funds as well as in decision making. What can be their dimensions & how they will be powerful and further how they will be different from present Municipal wards or panchayats you will find through the following :-

### **Immediate one time functions of Civic centres on formulation-**

#### **1. Construction and/or Rehabilitation etc. –**

In states - Govt. has many buildings, which will become available for CCs and so can be directly handed over to them under a plan/policy. A CC itself will have to undertake construction/renovation or rehabilitation of the following using funds of present treasury-

#### **In metros and tier –I cities**

- of Parkings, toilets/urinals, Wedding/function centres, vocational training centres ,Old age/ destitutes/orphanage/ trauma or the like .
- rehabilitation of local jhuggi/rough house dwellers, who have permanent residence in the area, in the accommodation provided in the form of Govt. flats including those acquired from the members of the public having surplus residences.

#### **In villages/small towns –**

- Firstly arranging for sewerage and electricity ,
- Then construction of one Bed Room houses for all Jhuggi Dwellers free of cost,
- Then construction of community centres and vocational training centers where residents( chosen lot wise) of haphazardly built houses can be shifted temporarily,
- Then constructing houses for them by demolishing their multiform structures and allotting them uniformly-built ones. This will systematize the geography of the village the roads will be straight.
- Lastly it will have to concentrate on construction / rehabilitation etc. of schools, dispensaries, hospitals , parkings or like as per the need of the area.

## **ADVANTAGE**

This will change the face of the country that should look good to live anywhere and be seen by the world community as a destination of the HAVES and not the HAVE-NOTS.

### **2. Taking a census of the area**

**and then providing a chance to unsettled migrants to shift to their home towns** by providing means of earning and living at their native/Home/chosen/sparsely-populated places. This is possible because all the villages /towns will be developing and the **people will like to return to their home town/area chosen by them as is happening now in Bihar.** This step will also help in controlling the greed hidden in the tenancy concept which at present is a tax free source of earning for many, responsible for illegal constructions and many other social evils, like idleness of the property-owners(rent being their source of income).

**After a duly organized census, the CC will have a list of all the residents/occupants of the area** along with the detailed Bio- data of each house/business/land owner of the area and their assets prescribed for taxation. This will also provide the data about downtrodden or needy locals.

## **ADVANTAGE**

**The masses and their activities will be controllable** and policies for upliftment of the poor then will be really meaningful and successful.

**Recurring and concurrent functions-** Out of fund collected by CC under New Tax regime.

### **1.Rehabilitation of needy locals –**

All **idle persons/hawkers/ pavement shopkeepers/dwellers** be identified in order to train/guide them according to their aptitude.

Even masons,labourers, cobblers, presswallahs, bouquet makers, flower shops, stitching shops, pan shop owners need training, guidance in road manners and an appropriate place to work . The surplus vacant shops in shopping centers and commercial complexes can be recouped/acquired and allotted to them under a plan.

The young **pavement squatters** can easily be accommodated as “Road supervisors” of the area. Similarly those who are weak in studies can be shifted to vocational training centers.

### **ADVANTAGE**

The trained illiterates will be useful for many constructive works and also help as a step to check the crime.

### **2. Maintenance –**

- of all Roads/pavements half yearly,
- of all dustbins (should be secured and in plenty),
- Cleaning of Urinals and toilets daily
- of all parks and horticulture on roads;
- of all shopping centres
- of all Govt. establishments.
- of all sewerage and drainage systems in
- coordination with water Deptt.
  
- of all electrical poles and Red Light signals in
- coordination with Electricity Boards & Traffic deptts.

## **ADVANTAGE**

The people of the area will get regular and prompt service and immediate response to their maintenance complaints.

### **3.Supervision –**

- of contracts awarded (RWAs or residents can be involved for this) to check quality during execution itself,
- of Roads and parks to check encroachments in the very initial stages ,
- of public behaviour to control road habits(persistent violators can be reported to the police),
- of availability of police and legal services in the area,
- of all schools , coaching centres and colleges in the area
- of functioning of dispensaries/hospitals of the area,and
- wherever needed like –whether free meal being supplied is of good quality.

## **ADVANTAGES**

- The quality of work executed by contractors will be up to the mark.
- The encroachments will vanish.
- The public will inculcate a sort of self-discipline and act decently on already clean and decorated surroundings.
- When amenities in the schools and educational aids are funded by the CC, they will maintain discipline and control over stocks will be exercisable. The availability and behaviour of teachers will also be under check.
- When funding of consumables/medicines required in dispensaries/hospitals etc. is done by the CC, the manipulations in their stock and quality would be avoided. The availability and the behaviour of the Medical and para-medical staff will also be under check

#### **4.Census –**

- of all the new owners /occupants of the area i.e., regular updation of the original census of population and properties,e.g. details of vehicle purchases can be had from RTOs, that of Land purchases- from the Office of the Registrars, and above all can also be gathered by personal visits with counter check by CAG office;
- Or alternatively, all new openings/acquisitions in the area can be routed through registration/licensing with CCs with strict punishment for non-licensing/registration.

#### **ADVANTAGE**

The regular census will help in taxation of all eligible persons and properties under new tax regime.

#### **5. Liaison –** with all the centrally controlled departments rendering their services in the respective states for giving time bound services to inmates of the area like-

- sending data of residents for UID nos.,
- verifying data of applicants of passport,  
Election I- card , driving licence and other  
Such instruments ,
- providing list of requirements/surplus to Food  
Department for import/export of foodgrains or  
pulses/ Atta etc. ,
- verifying land registration applications,
- verifying particulars of applicants wherever  
needed.

The rules can be framed for liaison with Police, law Ministry, SEBI, CAG ,ICAI,ICSI ,AICTEC, Medical/Ayurvedic/Unani councils and the like. Land development authorities can assist in developing lands in the area against a charge. Similarly hoardings and data stations/towers, satellite receivers can be regulated.

Liaison with other CCs will also be important for instilling coordination among CCs for any common work affecting two or more CCs. The CCBs may have an apex body in a state that may be designated as the State Civic Centre Board(SCCB) for the purpose.

### **ADVANTAGE**

This function of CCs **will reduce the burden of the Govt.** hitherto massively involved in verifying details filed and thus facilitate **the much talked about one – window service** which only a professional set up normally found in the private sector can provide.

### **6. Tax collection –**

This function is the **essence** of all the aforesaid revamping exercise for improving the civic service system. Non- availability of funds in time is the basic bottleneck of the present system. The collection rules can be laid down so that funds may remain available with CCs for all their functions throughout the year.

The collection can be done on the basis of a ‘New Tax Regime’(may be called ‘NTR’) , the basic ingredients of which ,based on the principles of one point taxation will be spelt out later.

Regular census will help in keeping check on evaders. The new tax regime provides a glimpse of what a new tax system can be.

Present STT(on share trasactions) and CTT(on commodity transactions ) and the like may continue as these transactions involve foreign investors also.

In case small dwellings & entrepreneurs and aided or Government institution in an area , due exemptions can be given.

## **ADVANTAGE**

The tax **collections will be much much higher** as compared to that in present self assessment and then search, survey system. **When the use of taxes is under the vigilant eye of the tax-payer, he will feel pride in paying the taxes** and also can force for accountability and transparency that will check corruption ultimately. The **office bearers of the CCs being local (a policy measure)** will always be under moral check of their neighbors etc. This system will **also act as a deterrent to unwarranted investments** e.g keeping more than one flat/plot will be burdensome.

### **7. Tax Disbursements –**

This function assumes significance on two counts- First the needs of central ministries and state offices of Home Ministry OR CMOs will have to be met out of collections from CCs and secondly the shortfalls in any area CC will have to be met through intra –cc transfer of funds to meet out its development requirements.

Therefore disbursements rules will have to be framed in such a manner that **surplus at one CC and with Finance/Home Ministry should always be available for another cash-strapped CC.**

## **CONCLUSION**

From above question may arise whether the above can not be done through present civic services system ? or what can be the New Tax Regime ? The answer you will find in the next chapter .