

4th ITD Global Conference on "Tax and Inequality"

**M.C.Joshi, Chairman, CBDT,
Department of Revenue,
Ministry finance, India**

Tax in Nation Building

“At one level, tax collection is a painful and difficult task, as it requires people to part with their hard-earned incomes. This task could become more acceptable and participatory, if the taxpayer knows that his contribution is being constructively used in the task of nation building”.

**Pranab Mukherjee,
Finance Minister of India**

Tax in Nation Building

- An efficient tax system is fundamental to development of a Nation.
- Taxes underwrites the capacity of the nation to carry out its goal.
- Tax revenue reduces dependency on volatile external fund flows, encourages domestic and foreign investments and promotes accountability of state towards its citizen.

Role of Revenue Administration

- India started major tax reform in 1990's. However the pace of reform increased substantially in last decade with special attention to direct tax(progressive tax).
- Direct tax revenue increased 10 fold in last decade
- The ratio of direct tax to total tax increased from 36.30% in F.Y. 2000-01 to 60.61% in F.Y. 2009-10.

Role of Revenue Administration

- We have tried to address the issue of inequality through progressive personal income tax.
- We have tried to address the issue of inequality, gender inequality and old age inequality through progressive personal income tax.
- Creating awareness about tax laws and compliance requirements.

Role of Revenue Administration-Tax Morale

- Educating the taxpayers on the use of tax collection in the progress, growth and development of the country.
- Instilling a sense of pride in the taxpayers for being an equal partner in the nation building process.
- Projecting that taxes paid now are investments for a better future for their children.

Role Revenue Administration-Tax Morale

Income Tax

Investment for progressive future

*Educate children today
for educated workforce tomorrow*

pay your advance tax

Last instalment for all tax payers

**DUE
DATE**

15th
March 2010

- Tax payers are liable to pay Advance Tax, if their tax liability after reducing TDS is more than Rs. 10,000/-
- E-payment of taxes is compulsory for all companies and other persons whose accounts are audited.
- Use New Challan No. 280 for the payment of Advance Tax.
- Ensure that PAN has been filed correctly and counter foil is stamped with Challan Identification Number (CIN), BSR Code of Bank Branch, Date of payment and Challan Number.
- The new Challan and the facility for e-payment is available at www.incometaxindia.gov.in

PAY TAX KARO RELAX

You pay... the Nation pays back!

Coping with capital flight

- Tax evasion undermines result of progressive tax system and thus increases inequality.
- Illicit outflows averaging US \$ 725 billion to US \$ 810 billion from emerging & developing countries (Global financial integrity report).
- The Indian Government has adopted a five pronged strategy to deal with issue of tax evasion and black money.

Coping with capital flight

- International cooperation is essential in fight against tax evasion and black money.
- There is need to revise to international standard on exchange of information so that past banking information is exchanged.
- There is need for strong international consensus and commitment for spontaneous and effective exchange of information and transparency

Challenges before us

- Tax evasion,
- Tax Moral,
- Illicit outflow from developing countries,
- Tax gap,
- International cooperation on effective exchange of information- availability of past banking information

Challenges before us

- How to increase tax base and
- Effective use of taxation to remove inequality among individuals and among countries

Thank You