

Innovations in educating Tax payers and other citizens

Presented By

Dharmendra Pratap Singh
Rohit Dwivedi
Neeraj Choubey
Nitin Wapa
Sameer Jha
Niranjan CC
Shailendra K Deshmukh







Introduction

- Taxation...
 - by a state upon its citizens to fund its various public expenditures.
- Why...
 - To raise resources for development and welfare programmes.
 - To bring about economic equality by imposing tax to the income earners and improving the socio-economic condition of the general people.
 - Socio- economic development of a Country is largely dependent on its Taxation Structure.



Tax Structure in India

- Three tier tax structure where taxes are levied by Central Government, State Government and Local Authorities
- Direct Taxes
 - Corporate tax and Income Tax
- Indirect Taxes
 - Central & State VAT, Service Tax, Octroi etc.
- The Central Board of Excise and Customs (CBEC) is the apex body in the indirect tax administration
- The Central Board of Direct taxes(CBDT) is the apex body in the direct tax administration

That's why need for tax education





Objectives-

- Comparative Study of Tax Structure in India and other countries.
 - Tax to GDP ratio, Tax Rate (%age), Compliance hours
- Analysis of current approach of the Taxmen.
- Raising awareness among the citizens of their role in taxation.
- Identifying novel and innovative measures to educate and spread awareness among the taxpayers towards better and efficient tax compliance.



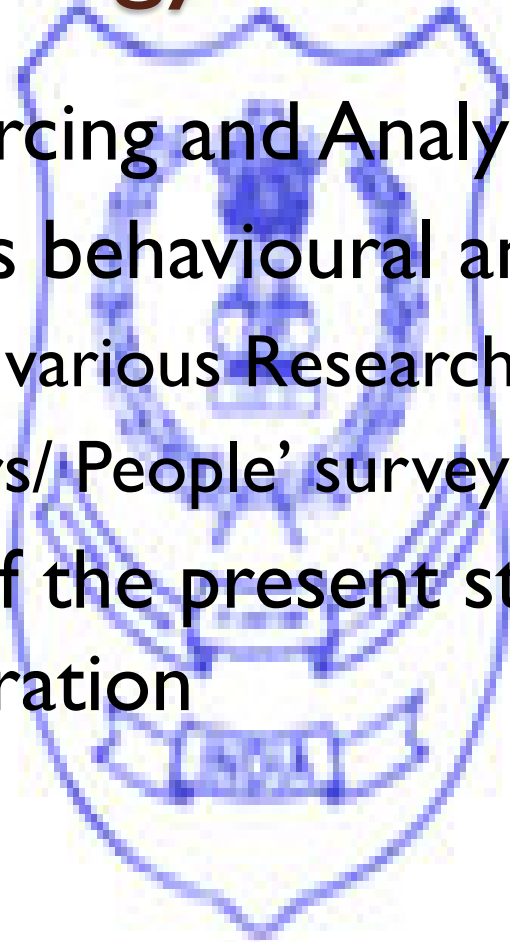
Need of the Study....

- Low Tax Revenue - GDP ratio.
- Low Tax Revenue to the corresponding sectoral Revenue.
 - (for ex. 35 % in service tax for year 2015-16)
- Lagging behind the major Economies in taxpayer satisfaction index.
- To understand taxpayer behaviour and attitudes to taxation for developing stronger and more effective compliance risk treatments
- To formulate innovative methods of tax education
- Suggestion for improved tax administration and compliance management.



Methodology

- Data sourcing and Analysis
- Taxpayers behavioural analysis
 - Study of various Research papers available
 - Taxpayers/ People' survey
- Review of the present structure of Tax Administration



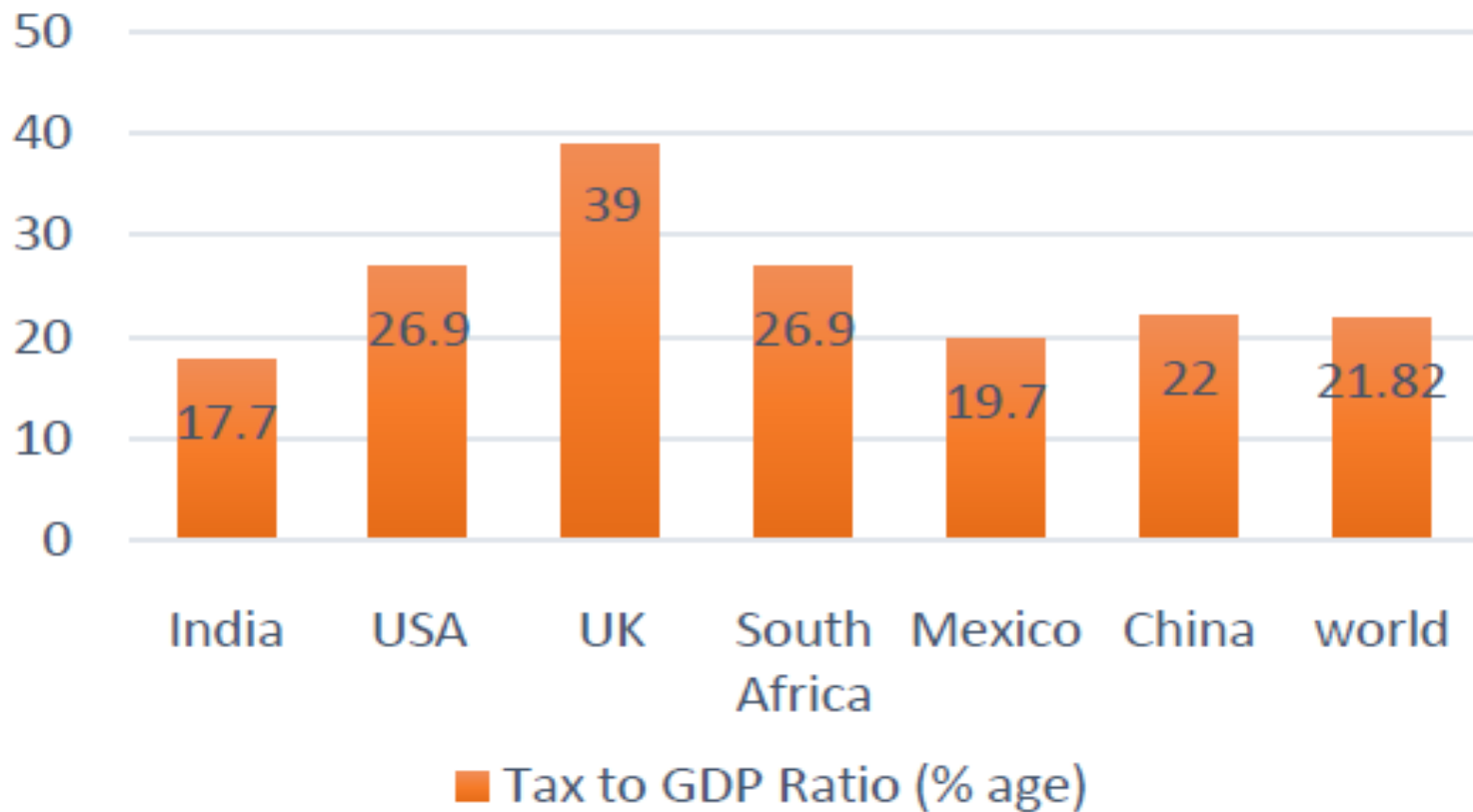


Where we stand

- GDP in 2015-16 – INR 152 Lakh Crores
- Tax Revenue – INR 23987 Billion
- Tax Revenue to GDP ratio – 16 %
- Rank as per size of GDP – 7th
- Ease of doing business rank - 130
- GDP Sector wise –
 - Agriculture – 17 %
 - Industry – 30 %
 - Services – 53 %



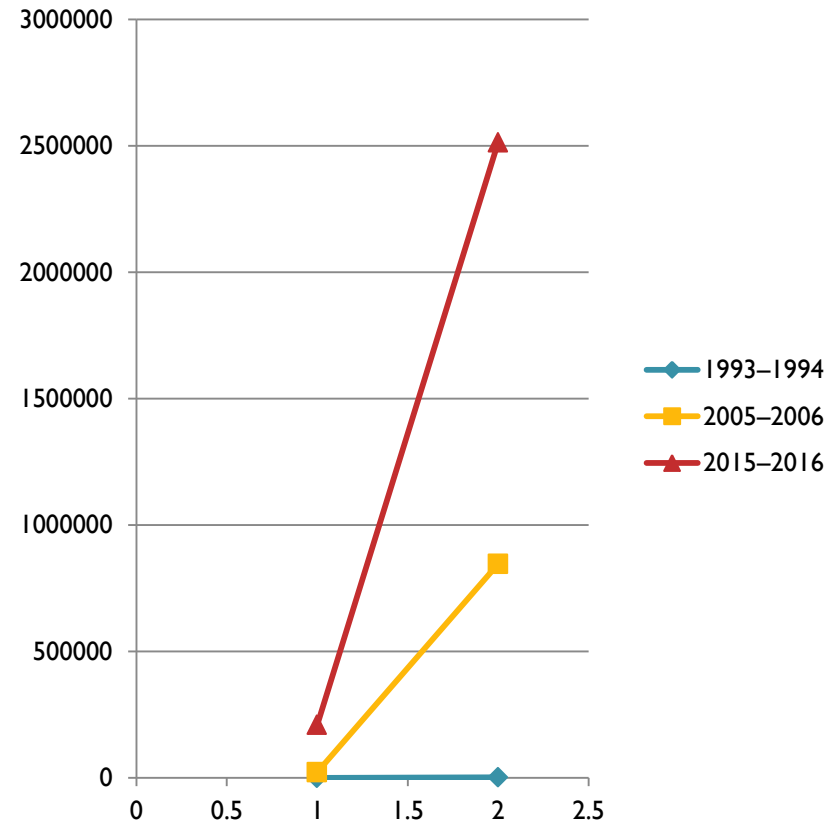
Tax to GDP Ratio (% age)



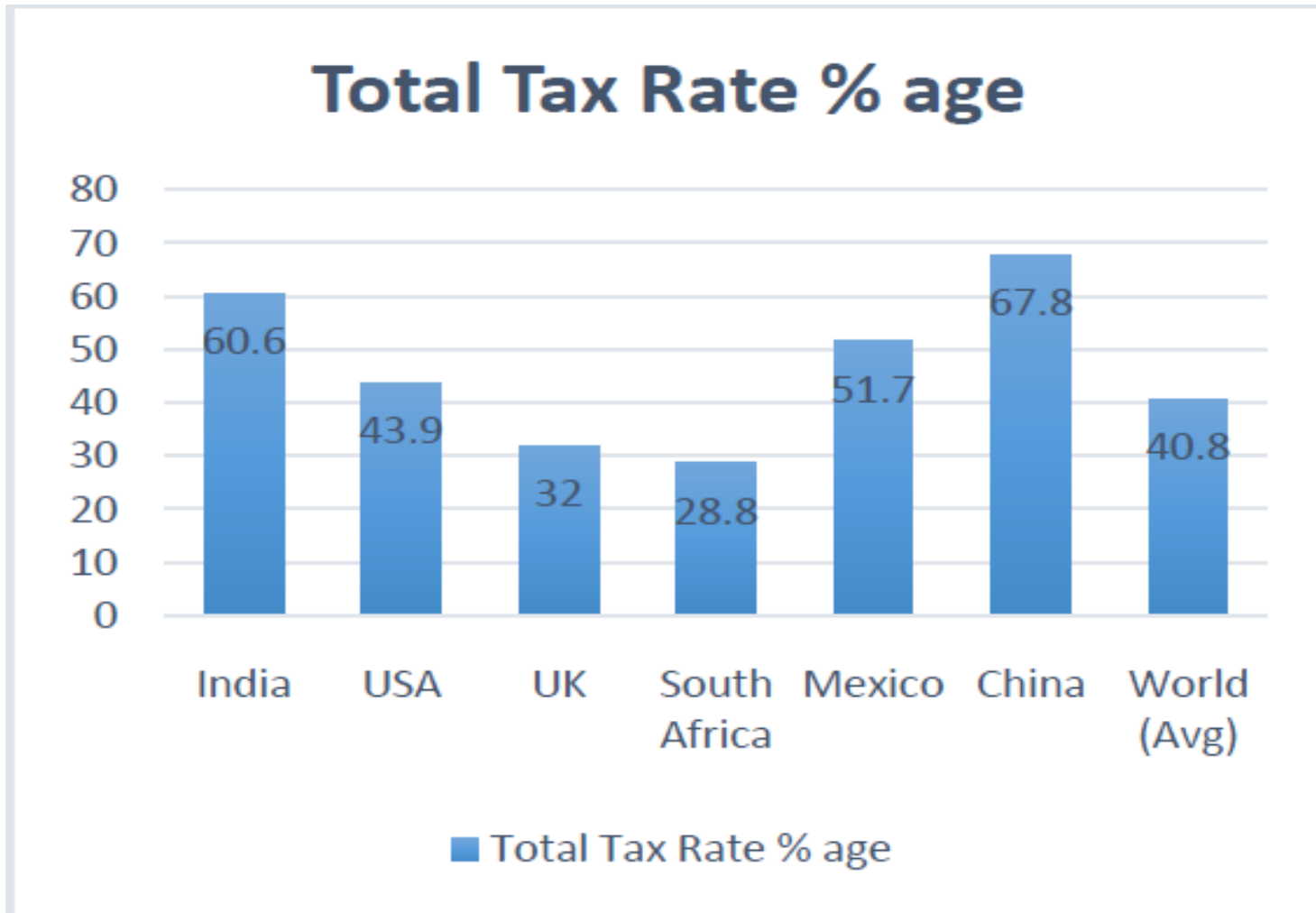
Ref. PWC Survey 2016

Taxpayers in the Service Sector

| Financial Year | Revenue (in Cr.) | Number of Assesseees |
|----------------|------------------|----------------------|
| 1993–1994 | 254 | 2568 |
| 2005–2006 | 23055 | 846155 |
| 2015–2016 | 210000 | 2512617 |



Tax rate cost to business



Ref. world bank and PWC Survey 2016



Ease of doing business

Country Rank Secured in ease of Tax Payments amongst 189 Countries

| | |
|--------------|------------|
| India | 157 |
|--------------|------------|

| | |
|------------|-----------|
| USA | 53 |
|------------|-----------|

| | |
|-----------|-----------|
| UK | 15 |
|-----------|-----------|

| | |
|---------------------|-----------|
| South Africa | 20 |
|---------------------|-----------|

| | |
|---------------|-----------|
| Mexico | 92 |
|---------------|-----------|

| | |
|--------------|------------|
| China | 132 |
|--------------|------------|

Source:- World Bank Data



Taxpayers' Behavioural pattern-

- Taxpayer surveys - to assess Customer satisfaction index
 - ascertain the needs and requirements of taxpayers as well as their overall satisfaction level.
 - Feedbacks help in fine-tuning taxpayer service and in improving overall customer satisfaction.
- Helpful in gauging revenue potential from ignorant sectors
- Stimulus to structural and policy level changes

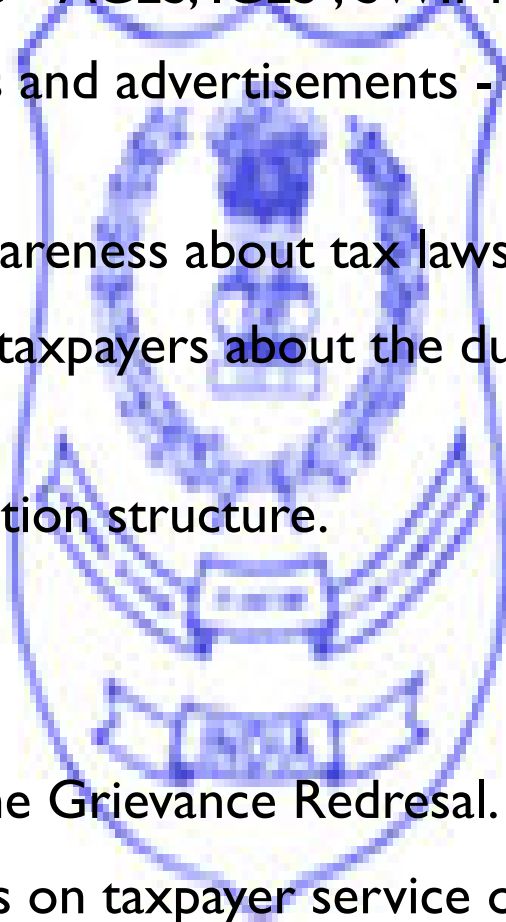
Revenue response to taxpayers' behaviour






Current approach....

- Web base interface – ACES, ICES , SWIFT, AEO, EASIEST etc.
- Publicity campaigns and advertisements - major means of communication
 - To generate awareness about tax laws and compliance procedures.
 - Largely inform taxpayers about the due dates for filing, tax payments etc.
 - No communication structure.
- Citizen's charter
- SEVOTTAM
- CPGRAMS – Online Grievance Redresal.
- No dedicated focus on taxpayer service or education.



- 
- **ACES** - Automation of Central Excise and Service Tax (ACES) is the e-governance initiative
 - A web interface aims at improving tax-payer services, transparency, accountability and efficiency in the indirect tax administration in India.
 - **ICES** -Indian Customs EDI system
 - Simplified and harmonized interface for customs.
 - **SWIFT- Single Window Interface for Trade**
 - An integrated single entry point Customs Gateway (ICEGATE) interface.
 - Reduce dwell time and cost of doing business



- **SEVOTTAM-**

- SEVA and UTTAM means Excellence in Service.
- Service Delivery System featuring transparency, accountability, reliability, responsiveness and empathy in taxpayer functions

- **CPGRAMS-**

- Centralized Public Grievance Redress and Monitoring System
- providing taxpayer services in terms of timelines in delivery, single window facility, trade facilitation and proactive feedback collection.



Why under achievement....??

- Sub optimal efforts in tax facilitation & taxpayer service.
 - participation and contribution to national growth and generating revenue has although shown some growth but substantial participation is not visible.
 - Comparative economic statistics suggest improvement in Tax- GDP ratio, ease of doing business index or tax compliance index
- Ignorance/ less focus to taxpayers' Education.
- Lack of efforts to sensitize and mobilise citizens in the early adoption stage.
- Under utilisation of Web/Telecom platforms.



Suggestions & Recommendations....

- Pareto's Principle
 - Italian economist Vilfredo Pareto
 - On unequal distribution of wealth
- Twenty percent of the people own eighty percent of the wealth.
- 80/20 Rule is a useful tool to help you prioritize and manage the work.
- Applicable to Taxation
 - 80 percent of Revenue comes from 20 percent of the total taxpayers.
 - Focus on 80% of the Taxpayers contributing 20% only.



Tax Ed. Programme (*Information Overdrive*)

- Part of school and University Curriculum.
- a long-term cultural shift through **School Tax Education Programme (STEP)**, targeting primary, secondary and tertiary level schools and college/ Universities
 - fun and engagement programme for children such as **Tax camp, Tax slogan/ poster competition** etc.
- Model state - Kenya
 - Schools Outreach Programme was a success.
 - (Source – OECD report on Tax Education 2013)



Tax Outreach Programmes

- Accounting and Tax Support Centre initiative
 - in collaboration with top management/ technical institutions
 - free support to low-income taxpayers and micro-entrepreneurs, focusing on compliance with taxpayer obligations and taxpayer rights, as well as reviving a tax-paying culture, educate young minds on their role in the fight against corruption and smuggling and the role the taxes play in socio-economic development of the nation.
- **Tax Vehicle** campaign
 - Similar to “food on wheels” or “108 ambulance services”
 - A mobile vehicle running across the nation with hybrid features of SEVOTTAM and Web interface.
- **Tax Workshop** at management and business institutions in urban areas for Small and Micro Businesses to provide basic education on accounts and taxation



Media blitz...

- **Tax TV**
- Focus on high “EQ” TV campaign
 - Target the young minds
 - linking tax compliance with **patriotism or duty**
 - “**service to the nation**” or “**service to the society**”
- TV commercials where tax compliance is linked with service to nation or society, satiates the social conscience or responsibility of taxpayers and boosts their tax morale.
 - P&G products (social cause) or Patanjali products (national cause) are few such examples.
- Periodical airing of television or radio advertisements during tax season or national budget.
- Association with Sports leagues – IPL, KPL, IHL, ISL etc.



- **Tax Radio...**

- Remotest reach to the last strata of country
- “**Chat**” or “कर की बात” kind of radio talk show/helpline platform
- Information sharing on tax procedures and solution/ suggestions to taxpayers’ queries, doubts etc.


- **Web series or Television series– “Tax Guardians” “Airport”**

- Reimagining taxmen’s role play in the national economy, cross border security, prevention of tax evasion, smuggling, risk factors involved in such operations.
- Reminding citizens of their responsibility to pay taxes through entertaining yet educative methods.
 - *“Guardians of economic frontiers” was one such web episode.*



Tax Merchandise...

- Launch sports/ clothing merchandise and set up Tax Retail stores across the country.
- With interesting and eye catching Tax motivational/ awareness quotes such as – “the new age patriotism- Tax compliance”, “I serve my nation”, “I pay my tax, Do You...?” “Your tax can make India Bright”, “ *i_कर do you कर* ” etc.
- Free distribution in schools/ colleges across the nation through Tax bodies or Educational institutions or local bodies.

- 
- **Posters/stickers or Digital Billboards** displayed in public transport - local trains/ buses/ Taxis- Autos etc.
 - **Tax-Graffiti** across city flyovers, under bridges or on the boundary walls of public offices or utilities.
 - **Kar Chitra Katha and Tax Magazines**
 - monthly/ fortnightly tax magazines covering various aspects of tax law, education guide, achievements of the department, visual jokes/ graphics, Q&A section and suggestions or feedback etc.
 - Tax education through pictorial / graphical story telling



Tax mobile app

- Smart phones, a digitally induced revolution in communication.
 - Greater reach and user friendly.
- **“Tax app”**
 - A mobile app featuring modules- tax reminder, tax calculator, instant pay, instant file, etc. where the taxpayers can check their liability, pay taxes, file returns etc. with their registered mobile number or PAN.
- *“Customs Traveller Guide India”* is one such App providing information relating to customs Baggage Rules.
- Similar Apps can be developed and launched in other core tax sectors- Service tax and Central Excise and others.



Instant messaging facility

- **“i_SMS”**
 - an instant messaging facility
 - Cellular/ Telecom based interface
 - The state to taxpayers
 - Expressing Gratitude/ Recognition for contributing towards national development
 - Communication of Information related to the utilisation of the paid tax in social or infrastructural project for the benefit of the people.
 - Tax Care numbers with call back features
- **“Tax_Call”**
 - Toll free Tax helpline.
 - Improve Tax morale
 - Strengthen Citizens commitment to the common social causes
 - motivate to pay their taxes on the grounds that the state is keeping its side of the social bargain.



- **Payback or Loyalty points scheme**
 - Similar to Privilege cards or Payback cards in Banking/ Finance/ Retail/ Airline sector,
 - A loyal/ compliant Taxpayer can buy loyalty points for making advance tax payments on provisional basis over and above its liability or; on timely payments of its liability and returns filing which can be redeemed for minor lapse or technical defaults, if any in future, like delayed payment or non/late filing of returns.
- **“Tax credit Scheme”**
 - Entitles a taxpayer ‘Tax credit’ equivalent to certain percentage of total growth in their tax liability for the year vis a vis last year’s with certain conditions.
 - Growth slabs
 - Tax credit can be utilised for payment of subsequent tax liabilities or tax arrears.
- **“Deferred tax facility”**
 - Consistent and Loyal Taxpayers to be extended the privilege of additional time for payment or Returns filing etc.



Tax Social Responsibility (TSR)

- An Initiative of the Tax department to promote social cause
- “Clean City” “Green city” “Help the poor” “Blood donation Camp” and “रोटी-कपड़ा Bank” etc. emphasizing on collective roleplay of tax collectors, taxpayers and ordinary citizens in Social, economic and infrastructural development of the country.
- Negate the negativity or fear factor, the taxpayers carry at large and provide a tax friendly ambience.
- Collaborative innovation
 - Other stakeholders like Tax practitioners/Trade associations may be collaborated for such initiatives.



Kiosk or Facilitation Centre (kar samadhan kendra)

- At Block or District level across the country.
 - P3 project in collaboration with ICAI/ CII/ ICWA etc.
- Providing services to taxpayers who may not have requisite IT infrastructure or resources, to use online/ web interface.
- Available to the taxpayers free / on payment of minimal prescribed service charges for various services.
- Will also offer help and guidance to prospective taxpayers.



Felicitation/Reward or Incentive policy

- **“Taxpayers’ Day”**
 - Recognition and Award to the country’s best taxpayers – Tax Compliant – from among those in the highest income brackets, as well as taxpayers on small and medium incomes.
 - High-level public cum political engagement
 - Mass media coverage
- Strengthen links between taxation and national development, promote tax compliance, and build trust among the taxpayers and citizens.
- consistent and critical element of tax education when wide publicity is given which is very crucial in spreading awareness at large and influencing the prospective taxpayers towards tax compliance
 - Although the CBEC has been celebrating Central Excise day and Customs Day every year, however no wide publicity.



- **Social media**

- Facebook
- Twitter
- LinkedIn





Deterrence Mechanism

- Tax evasion
 - Lack of fear of punishment, limited enforcement, lack of tax awareness, misperception that the state collects taxes in an unfair and inefficient manner.
- Strengthen its enforcement capacity by improving its Audit and anti Evasion wings.
- Stringent punitive provisions for the habitual tax offenders
- Economic Offence intelligence sharing platform
 - Coordination between different enforcement organisations - police, income tax, commercial tax etc.



What we expect...

- Better Tax Awareness
- Better Tax Compliance
- Growth in tax revenue
- Increase in GDP
- Better resources for socio economic development and welfare programmes
- Improved Human development index
- Happiness amongst all.....

