

# A Study on ‘Challenges faced by taxpayers in the existing Indian taxation system.’

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**Abstract-** The act of paying tax is known as tax compliance. Tax revenue is highly crucial to the functioning of a country and the government cannot carry out its duties without it. However, challenges in complying with the taxes of a nation make it difficult for the taxpayer to comply. For example, the complexity of the taxes or multiple taxes. India has a very vast tax system and a large population. To make it easier to pay taxes, compliance burden is an important topic to study as the factors influencing compliance can be studied to improve the system for the taxpayer and the government. This quantitative study uses primary data collected by a questionnaire from 102 respondents to identify the most pertinent factors and test whether there is a significant amount of compliance burden faced by taxpayers. The findings state that there is a significant amount of compliance burden amongst taxpayers.

**Key Words:** Tax compliance, Indian tax system, Compliance burden, financial literacy, compliance costs.

## I. INTRODUCTION

The Indian taxation system has undergone multiple large-scale reforms since its inception, especially in 1991 and 2017. While the aim was to always improve the tax system by making it simpler, more convenient, efficient, less administrative, and modern, there have been multiple challenges owing to the size of the population, the government, poor planning, and corruption. The reforms in 1991 sought to liberalize, privatize, and globalize the country and the economy and make India a global player by opening its markets to the world and becoming more capitalistic. While this was a landmark decision, it led to multiple taxes that raised the tax burden for the government as well as the taxpayer. This soon led to a cascading effect of taxes that increased the compliance burden for the general public. Multiple taxes unnecessarily raised the prices of goods and services and it was soon difficult to collect taxes as multiple taxes required greater resources. In 2017, the model of the Goods and Services Tax (GST) was introduced to overcome all the previous challenges as well as implement tax policies and initiatives followed in other countries. The goals of the reform were similar to past reforms but the latest reform sought to digitize the country as well and raise the tax revenue while reducing the compliance burden. Various taxes were immediately removed and GST was implemented in their place. This eliminated the cascading effect and created a clear distinction between taxes collected by the State and the Union. GST also widened the tax base to involve a greater proportion of the population in order to tackle corruption, evasion, and increase tax revenue. By digitalizing, the government managed to reduce the administrative efforts and the resources required to collect taxes. However, there are many problems that persist and new challenges that emerged as a result of the latest reforms.

Tax compliance is the act of adhering to the tax laws of a country. Compliance burden is the challenge of adhering to the tax laws of a country. The goal of any country is to always simplify the taxation system to be more efficient in collecting taxes as well as simplifying the process for all taxpayers. The countries that achieve this goal are always one of the reasons they are ranked as the best places to conduct business. However, due to multiple factors, there is a significant compliance burden in the country. Tax evasion and corruption is still a significant problem in the country. A greater compliance burden also raises the compliance costs for the taxpayer as they now have to expend more resources to comply with the laws. Compliance burden can be a result of many factors such as the education level of the taxpayer, tax knowledge of the taxpayer, ethics, morals, social norms, psychological factors, perception of the tax system, fairness, equity, fear, behavioral factors, complexity of the tax system, compliance cost, time, etc. These are significant issues to the country as the country is dependent on tax revenue to function as effectively and efficiently as possible. A loss in tax revenue hinders the government from functioning normally as it strains their budget and may prevent the government from allocating resources when they are desperately in need elsewhere. A loss in tax revenue also hinders the economy from growing as positively as it can and tax evasion can encourage others to do the same. This projects a negative perception of the Indian taxation system to taxpayers, businesses, and other countries.

## II. REVIEW OF LITERATURE

1. (Sharma, 2020) explains the concept, structure, and framework of the Goods and Services Tax (GST) in India and identifies and highlights the positives and negatives of the tax since its introduction till 2020 using secondary sources and secondary data alone. The paper finds that GST has a positive effect on the economy and the country as a whole but some disadvantages still affect the scope of this paper regarding compliance. Pressures of compliance can affect small and marginal businesses and thus, find it difficult to continue their operations. The former Union Minister of Finance, P. Chidambaram, has also stated that small, medium, and micro businesses and entrepreneurs will struggle the most once the tax is implemented. The study relies solely on secondary data and can be further explored using primary data and identifying the impact on small businesses through surveys and statistical testing.
2. (Nivakan Sritharan, 2019) study the economic factors that affect taxpayers in Malaysia when complying with taxes and how it affects their behavior. Using surveys and regression analysis, it is found that the most pertinent economic factors affecting tax compliance behavior are: financial position, penalties, probability of being audited, and the perception of government spending. The goal of the research was to identify the most important economic factors affecting tax payers in their compliance behavior to fill in an existing research gap and aid policymakers. This study could be further researched as the factors selected by respondents were the only ones suggested by the survey. There may have been more economic factors affecting respondents that are out of the scope of the survey.
3. (Salvador Barrios, 2020) analyze the effects of one of the latest measures to reduce corporate compliance costs and tax avoidance measures employed corporates in the European Union (EU). The EU is known for its free capital mobility and fragmented tax planning which is taken advantage of by people through loopholes. The EU planned to make tax compliance easier by making harmonized, standardized, and common accounting rules and to consolidate reporting standards. The study's findings state that harmonizing accounting standards lead to economic efficiency as there are fewer resources required to comply with taxes. A reduction of compliance costs also indirectly leads to greater productivity of the workforce as it reduces wage costs and production costs. Future research can cater to public and private compliance costs as this paper did not and can pay more attention to the differences between countries in the EU as the EU can propose general principles that are not specific to every nation.
4. (Jane M. Monyake, 2023) explore how difficult it is to implement and manage tax compliance in developing countries such as Botswana. The authors study the various tax compliance management strategies according to previous literature and strategies implemented in Botswana. They find that no single strategy can manage tax compliance issues or solve the issue. However, the strategies recommended are to universally define tax compliance, encourage integrity, simplifying tax, educate the public, enforce tax administration, and adopt the best practices of other countries. Further research can utilize other models to judge tax compliance management as the model used in this paper was commonly used in the 1970s. A more modern model may reveal more relevant information.
5. (Tilahun, Determinants of Tax Compliance: a Systematic Review, 2019) investigates the factors affecting tax compliance by using secondary data from secondary sources. This paper also mentions three tax compliance theories to understand the behaviors of people who avoid tax compliance. Many factors such as referrals, penalties, fairness, education, etc. all affect tax compliance behavior. The authors suggest two main methods of ensuring people comply with taxes: the carrot and stick approach and ensuring citizens are responsible. To conclude, the authors state that tax compliance is dependent on more than just economic factors such as social, psychological, and cultural factors. Further research can include statistical analysis of the various factors mentioned to identify the most significant. The two strategies suggested can be further developed by testing whether they will be effective or not.
6. (Ozay Ozpence, 2020) study the relationship between tax burdens on a country and the economic growth of Turkey using VAR analysis and causality tests for the years 1970 to 2018. Their findings state that tax burden and economic growth has an indirect relationship. The greater the tax burden, the more negative its effect on the economic growth of the country. It is also found that the two variables are mutual causes of each other. A suggestion recommended by the authors is to reduce the burden of direct and indirect taxes on citizens and adjust minimum wage according to regions. Further research can include more direct and indirect taxes such as customs and duties as the only taxes considered in this study are corporate taxes, VAT, and income tax. This would increase the scope of the study and provide a more detailed picture of the relationship between the two variables.
7. (Ebenezer Teye Okpeyo, 2019) study what affects tax compliance in Ghana amongst small and medium tax payers by surveying people in a specific region and Ghana Revenue Authority (GRA) officials. The most significant factors affecting taxpayers were: compliance costs, tax rates, morals, and audits. There was a great difference between small and medium scale enterprises as small enterprises failed to file their taxes and maintain accounting records. The

paper concludes on a fallacy by stating the whole of Ghana is not compliant but the research is focused on a single location. Future research can expand the scope to other regions or the country in general.

8. (Raden Rudi Alhempri, 2020) estimate factors that influence the factors affecting tax compliance specific to income tax in a specific province of Indonesia using primary data collected from surveys of registered and unregistered taxpayers. The most significant factors were social norms and the sense of justice with taxation. The authors also suggest recommendations to improve tax compliance based on the two most important factors affecting tax compliance. Some suggestions included increasing transparency, carrying out law strictly, and increasing the quality of tax services. More factors can be provided to respondents such as tax knowledge, compliance costs, tax rates, etc. in order to increase the scope of the research.

9. (Nguyen, 2022) studies the compliance burden of corporate tax in Vietnam by surveying managers, accountants, and tax accountants in small and medium sized enterprises. By using regression analysis, the study confirms that factors such as: tax rates, penalties, complex policies, tax knowledge, social norms, and fear strongly influence tax compliance behavior. However, the most decisive factor was the complexity of tax policies. The paper suggests future research can include other regions of Vietnam, more respondents, and other factors such as ethics, morals, fairness, etc.

10. (Udai Lal Paliwal, 2019) analyses the impact of GST once it was introduced and its effects on the tax revenue of the country using regression analysis. The results find that since GST has been introduced, the tax burden has been slightly reduced. Tax revenue has also become less responsive to changes in the GDP of the country. The paper can be researched further as GST was introduced only in 2017 and the paper was published in 2019. The effects of GST can be investigated with more depth than before.

11. (Ahmad Farhan Alshira'h M. A., 2020) study the compliance behavior behind sales tax among small and medium sized enterprises in Jordan and aim to create a socio-economic model that includes all the economic, psychological, and social factors that affect sales tax compliance. The authors highlight how not complying with sales tax policies has resulted in budget deficits and emphasize the importance of compliance. The authors identify the most important factors not only in Jordan but in the Middle East and North Africa such as: audits, morals, fairness, knowledge, tax service quality, and social factors. Further research as suggested by the paper can implement the same model to other tax compliances and study other factors.

12. (Hoang Thi Hong LE, 2020) study the effect of certain factors on small and medium sized enterprises in Vietnam by surveying business taxpayers and conducting multivariate analysis to identify the most influential factor. Of the six factors in the article, the most significant was the characteristics of accounting practices as small and medium sized enterprises do not have the required amount of knowledge to comply with all taxation policies. The paper states that the research was limited by their short period of data collection and further research can provide more insights over the long run. The paper also relied on past literature to identify factors affecting tax compliance but this can be improved in future research by allowing taxpayers to suggest their own factors or by conducting a more extensive literature review.

13. (Hasiholan Sihombing Hery, 2019) study the perceptions in Indonesia that influence tax compliance such as the perception of fairness between taxpayers of different income classes, the perception of equity, social and moral norms, and perception towards the legal actions faced by evading tax compliance. The authors utilize primary data through surveys and conduct multiple linear regression. Their findings reveal that the most pertinent perception is the perception of equity and fairness. Further research can alter the hypothesis and objectives to differentiate between the economic and non-economic factors of the population.

14. (Kamini Rai, 2022) study the issues and challenges of GST through secondary data and sources and compile all the timeline of GST, its reforms on the economy, and its pros and cons. The authors state the challenges of GST when small and medium sized enterprises will have to comply with the new policies as they do not have the adequate tax or financial knowledge. GST is also a replacement of much of the old practices which were conducted on pen and paper and much of the population is not adept at taxes online. The authors state the importance of GST as other economies have implemented reforms similar to GST and that it is a long process. While there are challenges, education is crucial to overcome the initial setbacks. Future research can include the activities implemented by the government to highlight how the challenges are being overcome. This will provide a balanced perspective as the government is keen to modernize the economy and the country.

15. (Musimenta, 2020) examines the relationship amongst tax knowledge, tax compliance, and the complexity of the tax system in Uganda using correlational analysis. The statistical data suggests that there is no significant

relationship between knowledge of taxes and compliance burden. They suggest that the more complex the tax system, the greater compliance burden and costs and thus, the more knowledge is required to keep up with the tax policies. The paper also collects primary data from surveying almost 200 people and using a regression model to analyze the data. However, the author recommends educating the public, especially students, about taxation from all fields and demographics. Future research is suggested to be more careful as respondents may not willingly admit to not complying with taxes and it is difficult to determine the difference between compliance and non-compliance.

16. (D'Attoma, 2020) investigates the relationship between the perception of tax compliance and the government by studying the behaviors of participants in a hypothetical experiment. The goal of the study is to determine the differences between cultures and national identities when it comes to tax compliance behavior. The study identifies the role of trust and national culture in tax compliance. Future research can be inspired to simulate real world scenarios and identify more factors and differences in tax compliance.

17. (Dr. R Sarvamangala, 2021) provide an analysis of digital taxation in India since 2016 to understand the concept of digital taxation and to identify its benefits and challenges based on secondary data and sources. One of the challenges or drawbacks identified is that many companies may pass on greater costs to their consumers, further increasing their tax burden. New policies or amendments can increase compliance costs to companies as well. This paper was conceptual research and utilizes only secondary data. Using primary data can lead to a greater insight into the effects of digital taxation.

18. (Mukherjee, 2020) seeks to explain the possible causes of the shortfalls of GST since its introduction and determine the consequences on the government. The author states that a tax revenue shortfall in GST can be due to compliance. Complexities and frequent changes in compliance requirements can destabilize the GST system as well as delay tax revenue. While the GST system can improve compliance as it is aimed to improve the efficiency of the Indian tax system, currently tax compliance is largely due to voluntary compliance.

19. (Shahnaz Noorul Amin, 2022) use a quantitative study by survey to determine the importance of and whether tax knowledge can improve compliance levels. After statistical analysis, it was found that tax knowledge does have a significant impact on tax compliance. The goal of the paper was to determine if tax education should be implemented at a tertiary level in schools in Malaysia and the data supports this. This can reduce tax evasion and the questionnaire showed that students who are knowledgeable about taxation have an advantage when they are adults. Future research can continue the importance of tax education at different levels of education such as college and secondary level and vary it according to the fields of discipline taught in colleges.

20. (Farida Abdul, 2019) study the role of tax compliance and the complexity of the tax system in Kenya and its effect on small and medium sized enterprises. By sampling businesses across 18 sectors, they found that the perception of fairness of the taxation system is the most important factor. Taxpayers will increase their compliance if they believe they are being treated fairly by the system and will voluntarily avoid complying if they believe otherwise. However, tax fairness is negatively impacted by the complexity of the tax system. The more complex the system, the less fair it seems to tax payers and vice versa. Further research as suggested by the paper states that the population size should be increased as some data sets were not very significant and further research can be conducted on the perception of complexity and fairness of tax systems.

21. (Ibn e Hassan, 2021) explore what factors influence voluntary compliance among taxpayers by studying economic, social, and behavioral factors through a quantitative method by surveys. The most important factors were economic and behavioral such as morals and the perception of government spending from the tax revenue gained. However, simplicity of taxation has a much greater effect on compliance as respondents stated that they would be more compliant if taxation was simpler. The study also provides recommendations to improve compliance based on the findings. Further research as stated by the article can include the perspective and opinions of non-taxpayers as well. The sample size of the survey was limited to three cities in Pakistan and can include other areas as well.

22. (Shalini Shukla, 2019) study the role of trust in GST and the level of its adoption by small and medium sized enterprises through a survey to collect primary data. Trust was the most critical variable in using GST but other variables had a role as well such as the perception of GST's usefulness, behavior, and social norms. The aim of the study was to understand the attitudes towards GST and what influences the attitudes to improve compliance and address the challenges facing compliance. The most important recommendation by the authors is to educate the public and encourage the public to participate in workshops and training initiatives.

Future research can study the role of trust according to various demographics such as age, the difference amongst states, income level, education, etc.

23. (Katharina Gangl, 2020) study how tax compliance of the wealthy or elite can affect tax compliance of the general public as the wealthy are known to evade tax frequently and this often causes social unrest. The paper seeks to understand the factors affecting the compliance of the wealthy, especially psychological, and suggest how to incorporate the wealthy into the tax system. The authors provide many recommendations on how to encourage the wealthy to play their role in the tax system such as sharing what may be done with the extra tax revenue or commending the wealthy in some form for their participation as many wealthy people may not willingly participate. While the study investigates what makes the wealthy different from the general taxpayer, future research can survey the wealthy and the general public to get their perspectives on how to resolve the issue and conduct a primary and quantitative study.

24. (Muthaloo Subramaniam, 2020) investigate the social, moral, ethical, religious, and cultural factors that affect voluntary tax compliance amongst taxpayers by survey and a quantitative study by a regression analysis in order to help tax authorities utilize fewer resources and improve compliance. Findings prove that ethical and religious factors have a significant effect on tax compliance whereas morality and culture did not have a significant effect. This may be as Malaysia has a very religious population. Culture may not be significant due to past leadership and mistakes by the government. The authors state that future research can increase the sample size and include more diversity among the respondents.

25. (Yige Zu, 2020) study the compliance burden on the taxpayers in the UK due to the VAT. The authors investigate the VAT and compare it with other taxes in the EU to highlight how complex taxes can increase compliance burden and must be simpler. The authors conduct an exploratory research based on the survey findings by a past research study and identify the most onerous factors in complying with the VAT and suggest how to reduce the compliance burden. The most important factor in ensuring and encouraging compliance is the complexity of the tax system and this is dependent on the government.

26. (Mina Fanea-Ivanovici, 2019) investigate how digital services and the digitization of taxes can help fight corruption, tax evasion, and increase tax compliance in Romania. This helps make taxes less complicated, modern, adaptable, convenient, and easier for the current generation. Having a more complex system encourages taxpayers to evade compliance. The authors argue that digital public services can also increase the confidence amongst taxpayers in the government. Their findings show that a complex taxation system or demanding regulations can also be an indicator of corruption in the system. Therefore, compliance and simpler taxes are crucial to the development of a country. Future research could conduct a causality test or investigate the relationship between compliance and corruption or compliance and complexity of taxes.

27. (Tarmidi, 2019) aims to study the impact of internal factors such as uncertainty of tax rates/payments, financial reporting, organizational goals, knowledge, etc. and individual factors such as age, education, income, etc. on tax compliance through a quantitative study with surveys. The authors found that the most significant factors were ethics and an understanding of taxes but being uncertain about taxes can weaken all factors. Therefore, the authors recommend well-built policies to decrease the complexity and uncertainty of taxes. Tax uncertainty not only affects employees but accountants too. This study focused on accounting students at a collegiate level but further research can survey employees of all roles and departments to gather a more comprehensive perspective.

28. (Samantara, TAX REFORMS IN INDIA: A CRITICAL ANALYSIS, 2021) studies the tax reforms implemented in India since 1991 to understand how they have helped improve the system for the taxpayer. The author finds that tax reforms since 1991 have always resulted in immediate losses in tax revenue for the government for a short period of time. Moreover, since 1991, tax compliance has improved thanks to anti-tax evasion measure and widening the tax base but newer forms of evasion have always developed.

Finally, the author points out that there is ample room to improve tax revenue collection by further simplifying taxes. The author concludes by mentioning the cumbersome tax administration process that reduces compliance and discourages taxpayers from participating in the process and would rather evade taxes.

29. (Samantara, TAX SYSTEM IN INDIA: ORIGIN, STRUCTURE AND ISSUES, 2020) critically examines the issues of the current tax system by analyzing the structure of the system and develop an intricate perspective of the Indian taxation system in order to provide recommendations to improve the system. The author highlights the large difference between tax collection from indirect taxes and direct taxes which is not proportionate with the population of the country and suggests significant non-compliance. The compliance burden also raises the compliance costs and raises

the cost of collecting taxes as well. Finally, the author states that better administration is necessary and more reforms to simplify the system.

30. (Ahmad Farhan Alshira'h M. A.-S., 2020) investigate the influence of tax complexity on sales tax compliance among small and medium sized enterprises in Jordan as sales tax compliance has historically always been low. Using a quantitative method and surveys of owners/managers, the authors attempt to analyze the relationship between sales tax compliance and complexity of the tax system. They find that complexity significantly affects sales tax compliance and recommend education and government initiatives to overcome the challenges. Further research can investigate other variables with sales tax compliance or complexity with other taxes and their compliance.

### III.NEED OF THE STUDY

Compliance is a significant requirement for the country as everyone must pay their taxes and follow the tax laws, direct and indirect. Tax corruption and evasion are still prevalent in the country after multiple reforms and digitalization of taxes. This leads to a negative image of the Indian taxation system and discourages the public. It also stains the image of the government and the efforts taken to plan and implement the taxes in such a large country. Therefore, it is important to understand the significance, relevance, and the need for compliance throughout the country. The government constantly works to improve the taxation system, encourage compliance, tackle tax evasion and corruption, and educate the public but not every taxpayer is adept, fully understands the tax system or is satisfied with the current system. As written above, many factors affect or influence compliance and increase or decrease compliance among the public.

### IV.OBJECTIVE OF THE STUDY

The objectives of this study are-

- To identify the complex nature of taxes in the Indian taxation system.
- To identify and state recommendations to reduce the compliance burden.

### V.RESEARCH METHODOLOGY

Quantitative research using primary data collected from a questionnaire along with secondary data collected from the web and research articles from journals. Taxpayers and employees, between the ages 21 and 60, in Bangalore, who may or may not face challenges when paying taxes such as income tax, GST, professional tax, access, surcharge, duties, etc. under the new or old regime. Multiple Linear Regression (MLR) was used to analyze the data.

### VI.PILOT STUDY

#### Reliability Statistics

Cronbach's Alpha	N of Items
.643	13

For the purpose of conducting a pilot study, Cronbach's Alpha test was conducted on SPSS. The Cronbach's Alpha value of 0.643 indicates that the questionnaire is reliable.

### VII.DATA ANALYSIS AND INTERPRETATION

For the purpose of data analysis Multiple Linear Regression (MLR) test was conducted.

#### Model Summary

Model	R	R Square <sup>b</sup>	Adjusted R Square	Std. Error of the Estimate
1	.986 <sup>a</sup>	.972	.968	.670

a. Predictors: 16. Digitalizing taxes will make it easier to pay taxes., 6. The tax system is more complex post-GST., 8. I do not know all the deductions and methods I can take advantage of to reduce my tax burden., 9. There are too many taxes to file., 15. It is easy to make a mistake when filing taxes., 14. It is tiring filing taxes., 10. It is easy to miss a deadline when paying taxes., 7. The government is spreading awareness of how tax obligations can be reduced., 13. There are too many policies and rules to comply with., 5. An accounting software is easy to use to file taxes., 11. It is time consuming to file taxes., 12. It is better to use an auditor than file my own taxes.

- b. For regression through the origin (the no-intercept model), R Square measures the proportion of the variability in the dependent variable about the origin explained by regression. This CANNOT be compared to R Square for models which include an intercept.

For the purpose of data analysis, a multiple regression model was carried out to calculate the goodness of the model built. Through a questionnaire with linear scale questions alone from 1 to 5, 1 being strongly disagree, 5 being strongly agree, and 3 being neutral, 102 responses were collected and compiled using a structured questionnaire. Overall, the results of the Multiple Linear Regression (MLR) test show an adjusted R Square of 0.968 indicates that the model built is significant.

## VIII. SUGGESTIONS AND RECOMMENDATIONS

In the last two decades, many reforms have been taken to reduce tax compliance burden and modernize the Indian taxation system, especially since the implementation of GST. The Union budget has always highlighted tax friendliness as one of their goals for the upcoming year. The most important factors identified in the study are time, complexity, energy, and tax knowledge or financial literacy. Many respondents stated that they are not aware of all deductions or exemptions and that the government is not doing enough to spread awareness. While much of the information is available online, the government only highlights the ease of doing taxes when the budget is released twice a year, the interim budget and the complete budget.

A nationwide announcement twice a year can be increased or improved to educate the public by organizing workshops and announcing schemes in newspapers, TV, and online media channels. This would help improve the perception taxpayers have of the taxation system and reduce the complexity they face when paying taxes. Thus, the compliance burden reduces as they require fewer resources such as energy and time to comply with the taxes. To overcome the challenges of complexity within the system, the government must reduce the number of taxes by unifying them or reducing the number of policies and laws to comply with. A single convenient and user-friendly portal with educational resources can also reduce the complexity and make it easy to file your taxes without an auditor thus reducing the compliance costs. This would also help increase the financial literacy of the public and make them more receptive and accepting of changes in the tax system in the future.

As stated in past literature, one of the most helpful initiatives can be to increase tax education at a secondary and tertiary level in schools and colleges to educate the youth as early as possible in order to increase the financial literacy of the public. Moreover, tax can be taught to students in colleges regardless of their programme. The most revealing information from the survey was that digitizing taxes and payments more than they currently are will be beneficial to the public. The government has achieved this by creating UPI and RuPay as well as making sure it is easy for businesses to comply when accepting digital payments through QR codes and financial apps like Paytm, Google Pay, etc. Integrating these services with taxes and tax officials or authorities can further improve the compliance burden of taxpayers. Having all bills and taxes on one platform that is connected with tax departments can smoothen the process and reduce the compliance costs and administrative work in collecting taxes. The government has made 'Digital India' one of their goals and this can significantly help them achieve this objective. The government can also make accounting software more accessible to the public to generate reports and have a greater understanding of their finances. To encourage compliance similar to other countries, the government can increase the penalties or increase the fear of being audited. This factor has been recognized as a significant behavioral factor that affects the public's perception. Fear or the threat of being audited can motivate people to avoid missing deadlines and complying with the laws which can reduce the tax corruption and evasion but this can be limited as fear may have negative consequences as it can reduce the tax friendliness of the country and encourage the public to find creative ways to evade taxes or protest against the government.

## IX. CONCLUSION

To conclude, the Indian taxation system and financial system is a vast subject and is continuously developing, improving, and growing. This has led to an improvement in the way the public manages their finances and their income. Digital payments and the new regime have largely changed the entire system and improved it. However, this study proves that there is still some compliance burden that must be overcome in order to improve the country. A reduction in compliance burden and the complexity of the tax system has led to an increase in the growth of an economy as proven by the literature review and in Turkey.

Although the government implements changes in the system, they must make the effort to understand the compliance burden faced by their taxpayers as this can provide a significant insight into how to improve their system. The research into tax compliance is not extensive or in depth in India and the government must encourage studies to provide feedback

to the government as this would benefit all parties. Surely, the public will become more educated and reduce their burden as the country becomes more digitalized and technologically literate and can take advantage of the services offered as everything is available online. However, the government and the public can speed up the process by having a better understanding of the taxation system, compliance, and the factors affecting compliance burden.

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