

Tax Calculation System

M.Srivathsan¹, S Samundar Ahmed², S. Muthamilselvan³

^{1,2,3} Computer Science and Engineering

^{1,2,3} SRM University Ramapuram, Chennai, India.

Abstract- *The new taxation system has brought about numerous changes in the way taxation works in our nation. All the way from chocolates and vegetables to high end motorized vehicles all are now sold under one single type of tax called Goods Service Tax. This system has terminated the use of various types of tax such as VAT, Sales tax etc etc. Since the new system had arisen there have been extreme confusion and difficulty in calculating tax. Every single person all the way to common man to big retailers, businessmen, traders, collector's and tax accountants. Our idea is basically a platform by which even a common man can seamlessly calculate their tax. This app is not only gst based but will help manage all taxes and tax returns of a person, organization or corporation*

Keywords- vat, tax, accounts, retailer .

I. INTRODUCTION

What is tax. Internet defines tax as a compulsory contribution to state revenue, levied by the government on workers' income and business profits, or added to the cost of some goods, services, and transactions. The Constitution of India - Schedule VII - Union List - Entry 82 has given the power to the Central Government to levy a tax on any income other than agricultural income, which is defined in Section 10(1) of the Income Tax Act, 1961. The Income Tax Law consists of Income Tax Act 1961, Income Tax Rules 1962, Notifications and Circulars issued by Central Board of Direct Taxes (CBDT), Annual Finance Acts and judicial pronouncements by the Supreme Court and High Courts.

The government imposes a tax on taxable income of all persons who are individuals, local companies, small scale industries, group of persons and any other type of profitable institutions or any other artificial juridical person. Levy of tax on a person depends upon his residential status. CBDT is a government organization that administers the Income Tax Department, which is in turn part of the Department of Revenue under the Ministry of Finance, Govt. of India. Income tax is one of the key source of funds that the government uses to fund its activities and serve the public.

Although it is a sad fact that only 2% of the Indian population are income tax payers. The Income Tax

Department is the biggest revenue mobilizer for the Government. But there are still a lot of loopholes in the system. Both for the tax collectors and the tax payers. We are no strangers to the concept of black money, money laundering , fund embezzlement, frauds etc. but these are the illegal punishable offensive ways of evading tax. What we aim to is to develop legally feasible and accurate ways of tax savings that can help the general public. There are many benefits from paying tax. Every single one of them have different conditions and clauses to be usable by an individual.

Given below is some of the basic regulation of the indian taxation system.

- A surcharge of 2.50% of the total tax liability is applicable in case the payee is a Non-Resident or a Foreign Company; where the total income exceeds 1 crore (US\$150,000).
- Education cess (EC) is applicable @ 2% on income tax, inclusive of surcharge if there is any.
- Secondary and Higher Education Cess (SHEC) is applicable @ 1% on Income Tax.
- 0.5 percent of swachh Bharat tax
- A marginal relief may be provided to ensure that the additional IT payable, including surcharge, on excess of income over ₹10 lakh (US\$15,000) is limited to an amount by which the income is more than this mentioned amount.

II. OBJECTIVE

The main theme of this particular project is to create a web based portal for helping an individual or an organization in his taxes. The tax will be income tax oriented. it will be automatic calculation according to category and rates of tax viewing the accounts of a particular individual is also to be simplified and understandable. After calculations can be easily viewed in a safe password protected environment.

There are so many people working in all kinds of industries. The fact that it is over saturated and business has to be done very quickly leaves out small returns and tax surges. The organization for which people work may hide sensitive taxation details and unexpected returns from the general employee. The main motive is to help the people. Every

teacher, engineer, doctor, support staff, government staff and other individual small scale entrepreneurs to know exactly what they are giving as tax and what they stand to receive from that particular tax return. We want to get rid of all hidden scams and portray a clear, easy and understandable portal for the betterment of the people of this nation

III. LITERATURE SURVEY

The new taxation system in the country has put a lot of stress on learning of taxing in India. But very little of it has put changes on the income tax of a person. The income tax varies every few years ranging from income range to range. We have extensively gone through a lot of papers and come up with the most helpful ones to help in our literature survey for the paper. INDIAN TAX STRUCTURE-AN ANALYTICAL PERSPECTIVE by Nishant Ravindra Ghuge, Assistant Professor KCES's Institute of Management and Research, Jalgaon and Dr Vivek Vasanttrao Katdare, Director KCES's Institute of Management and research, Jalgaon shows the simplicity of viewing taxation from their perspective. It focuses on the many problems like Tax Evasion, Reliance on indirect taxes, Black money, existence of parallel economy show that Indian taxation system requires some major reforms in the future ahead to address all this problems it explains the clear distinction between direct and indirect taxes. Some of the direct taxes are elastic in nature, when government wants to raise the revenue, they increase the indirect taxes. Income tax is one of them. Tax Payers know their income and thus know the amount of taxes they would be required to pay. But do they really know the depth of their income. No. most people don't know about their split in the salary. How much goes on pension fin, how much goes to hr and eventually how much goes on tax. It's also states that direct taxes are inconvenient. : Stated" Direct Taxes Pinches the payer. The direct taxes are thus inconvenient. Nobody can help feeling the pinch". Income tax constitutes for 35% of direct tax. It also stresses on the charges that it costs just to collect taxes. On top of that the tax team is on the constant lookout for mistakes and corrections and ups and downs. So it goes unsaid. The new system designed by us, is a creamy later on the cake. It helps avoid mistakes and holds automatic book of accounts thus making it easier and error free. Thereby saving a lot of the governments money also.

THE CHOICE OF THE PERSONAL INCOME TAX BASE by Roger H. Gordon and Wojciech Kopczuk from the NATIONAL BUREAU OF ECONOMIC RESEARCH lays out theoretically and estimate empirically how to make best use of available information about each individual in addition to earnings, in a setting where the first-best tax would be an ability tax.it We find that the choice to tax couples based on

their joint income, and the inclusion of dividends, interest income, and a dependents' deduction in the tax base in roughly their current form can be rationalized simply based on their value in better approximating an ability tax, without any need for supplementary motivations for these provisions. Actual tax bases certainly include information beyond labour income, such as interest, dividend, and capital gains income. In addition, by taxing couples as a unit rather than taxing each spouse separately, the labour income of one's spouse affects one's own tax rate. We find that indicators beyond labour income should be included in the tax base to the extent that they are correlated with the marginal utility of income to the couple, conditional on the couple's observed labour income. Also equity gains from better approximating an ability tax, though, must be traded off with the efficiency implications arising from a changing pattern of distortions to the couple's economic decisions. They made use of the degree to which various indicators now in use under the personal income tax are correlated with a couple's marginal utility of income, conditional on the existing tax base. The indicators they consider are: dividend income, interest income, mortgage payments, property tax payments, and perhaps number of children. The sample is restricted to married couples from ages 18 to 65. All of these results assume that the marginal utility of income for a couple depends solely on that year's wage rates, implicitly assuming that couples are credit constrained. There are a lot of complicated equations that were thereby helping us to create an equation of our own.

RESEARCH IN ACCOUNTING FOR INCOME TAXES by John Graham, Jana Raedy, Douglas Shackelford again from the same Bauru is mostly about corporation income tax. Although policymakers rely on the tax information in the financial statements to establish both tax and other policies. Fourth, because taxes are computed using a different measure of income (based on tax rules) than book income (based on Accounting rules), they potentially provide additional information about the profitability of a firm. This accounting details helped us to create stacks and rows and categorization of our accounts. All these has helped us do our projects literally research and helped in the development of our algorithm and working principle of the system.

IV. SYSTEM ARCHITECTURE

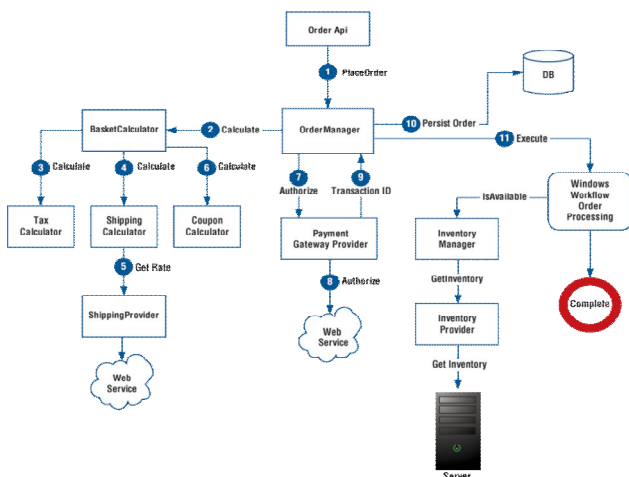


Figure 1.

Following are the modules for the Tax Calculation System

Login Module

Each individual’s accounts is a private thing. So we aim to keep it that way. Each user will have been given a user id and password at creation. A particular user’s login profile will have access to only his account. All details concerning to an individual’s accounts is in his login profile.

Information Module

The public is not very well versed in the working of the new taxing system. Many people are prone to being scammed in the name of tax. This is to provide users valuable information in the back of his palm. Any and every information about every taxable item in the country will be added to the list. It will be categorized for user friendliness

Tax Calculation Module

This module is the main module. It is for tax calculation. Now this is more automated than anything available. This tax calculator has to ability to be personalised. It works category wise. It has a different combination, priorities, working Techniques according to the user. It will be different for an individual and an organization. Different organisations will have its custom settings. This again is for user friendliness

Display Module

This is where the user can view his accounts. This again is categorized. It’ll have an index a hyperlinked collapsible tabs for easier usage

V. METHODOLOGY

The heart of the tax management system lies entirely on the complex detailed data calculation algorithms embedded in the system. The data in the system is calculated according to a person’s

individual status in the society, his age, his salary group, his credibility, his credit history, and his return claim. The personalization controlled by judiciously selecting the algorithm functioning with the least complications and runtime. The duration of the tax according to season, season interest, penalties and season returns are also included and helpful in getting the true state of a person. Change is change due to the data acquired from the Indian taxation norms. This program links itself to real time systems viewer and HTML coding helps receive under detail data of the amount of tax .This method in turn helps in real time tax control with minimal blocks and errors.The first part of the system is to create the portal. The graphical module will show how the current status and will modify it working according to the algorithm designed The second part of this system is a self-designed algorithm and the third one is for displaying data.

VI. CONCLUSION

Citizens who is in need of basic services, will have hassle free taxation irrespective of where they are from. This automatic system helps in reducing requirement of man power and also results in almost little to no human errors. This system does not require constant monitoring and its ability to read real time tax details helps in functioning of the system without any external help. This system also requires almost no servicing and thus is a new step in the era of taxation and control

VII. FUTURE ENHANCEMENT

In future, the above concept can be utilized for digitalized Tax calculation system. This system would result in error free and hassle free taxation in future.

VIII. ACKNOWLEDGEMENT

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- [3] A Research Paper On An Impact Of Goods And Service Tax (Gst) On India Economy Shefali Dani* Director, Gls (J.P.Shah) Institute Of Business Administration, Gls University, India