

TRENDS AND PATTERNS OF KARNATAKA INDIRECT TAX BEFORE GST

ARJUNA E *

Dr.MANOJ DOLLI **

Abstract:

The level of taxation and its rate of growth however, can be altered only by changing the individual elements that make up the tax structure. This is a complex matter; each element of the tax system has its own base and is related to distinct economic variables. Economics development, thus, depends on a carefully thought-out and well organized structure.

Tax structure questions take on a particular urgency for those countries for which government expenditure is rising faster than Gross National Product (GNP) or tax revenue (provided that expenditures cannot be cut) these countries must choose intelligently in altering the composition of taxes

The objective of this study is to locate the position of indirect tax and implementation of indirect tax and as well as growth of revenue in Karnataka. The past experience in Karnataka and elsewhere have shown that half-baked reforms in the name of VAT have done more harm than good in evolving a tax system required for a competitive, It is important to assess how this scenario changes from Sales tax to VAT in the indirect tax

*** Research scholar**

**** Assistant professor, department of economics, vijayanagara srikrishnadeveraya university, Ballary**

INTRODUCTION:

The tax is a financial charge or other levy imposed upon a taxpayer (an individual or legal entity) by a state or the functional equivalent of a state to fund various people expenditures. Taxation structure of any country is the set of rules and laws set up that particular country for the collection taxes from the public. The fundamental objective of the country. The secondary objectives is to maintain economic equalities by imposing the economic condition of the income earners and improving the economic condition of the general people, to encourage the production and distribution of the products, of the basic needs ,and discourage the production and harmful ones, to discourage import trade and protect the national industries.(BhimChimoriya)

Growth and development of a country is largely dependent on the taxation structure it adopts. High taxation rates and complex tax systems also in curb growth. Complex taxation system also results in evasion of taxes and thus increases the parallel economy. Complex tax systems are also responsible for hampering the ease of doing business as well as growth and development of that particular county.

OBJECTIVES:

- ❖ To analysis the trends and patterns of indirect tax before GST in Karnataka.

METHODOLOGY OF DATA:

For the study purpose the required secondary data is collected by using various published sources, the secondary data collected from Textbook, Abstract, Karnataka economic survey, income tax dept of Karnataka, Karnataka at a glance, RBI reports, financial kar.nic.in etc.....The collected data is analyzed by using the graphical analysis, and descriptive analysis.

Trends and patterns of indirect tax before GST in Karnataka

Table No 1.1 Revenue Receipts in 2011-12.

(Crores)

REVENUE RECEIPTS	2011-12
	(A/C)
A. State's Tax Revenue	57551
(i) Taxes On Income. Expenditure,	615.29
(ii) Taxes on Property and Capital	
Transactions of which	45860.7
Taxes on Commodities & services	
of which	
(a) Sales Tax/VAT	25020
(b) Taxes on vehicles	2956.72
(b) State Excise	9775.44
(d) Taxes on Goods & Passengers	1690.17
(d) others	6418.38
Total State's own tax revenue (i)+(ii)	46476

Source: economic survey of Karnataka 2014-15(A/C-Account)

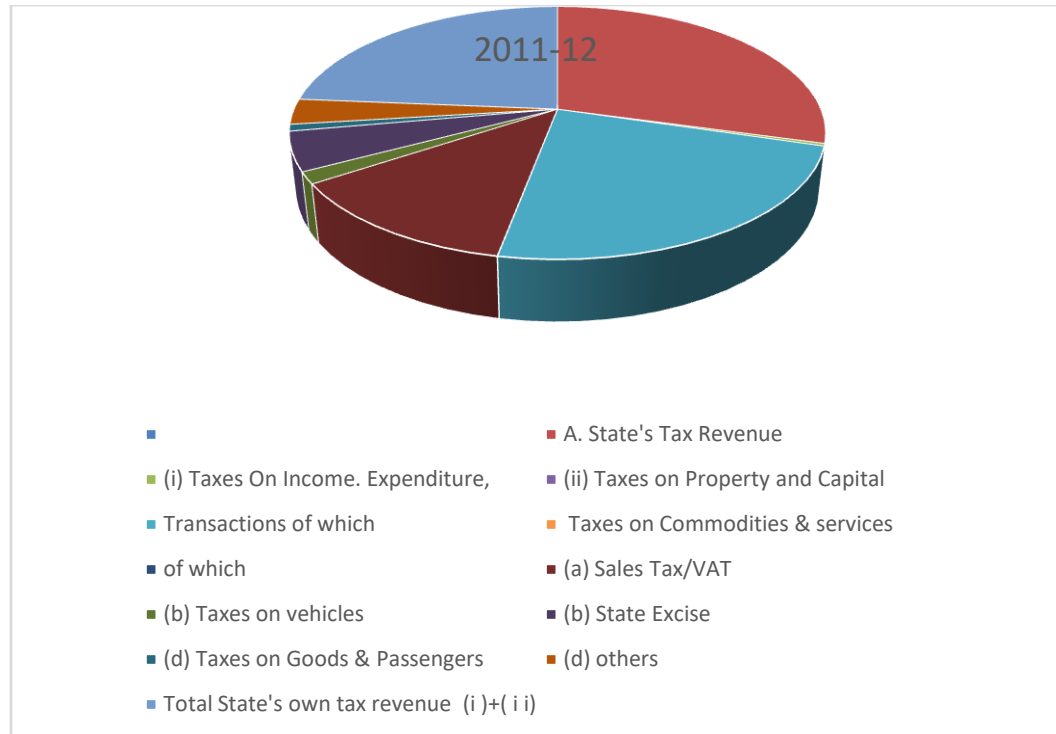


Figure No 1.1

Revenue Receipts in 2011-12

(A/C) Account

The figure no 1.1 states that the share of various taxes in the year 2011-12. In this year taxes on transactions is major share in the total taxes. And taxes on property and capital tax is very least share. Government external debt increasing significantly impact on government and taxes rising for people then and internal government is changes and policy also changes political stability impact on taxation policy its change.

Table No 1.2 Revenue Receipts in 2012-13.

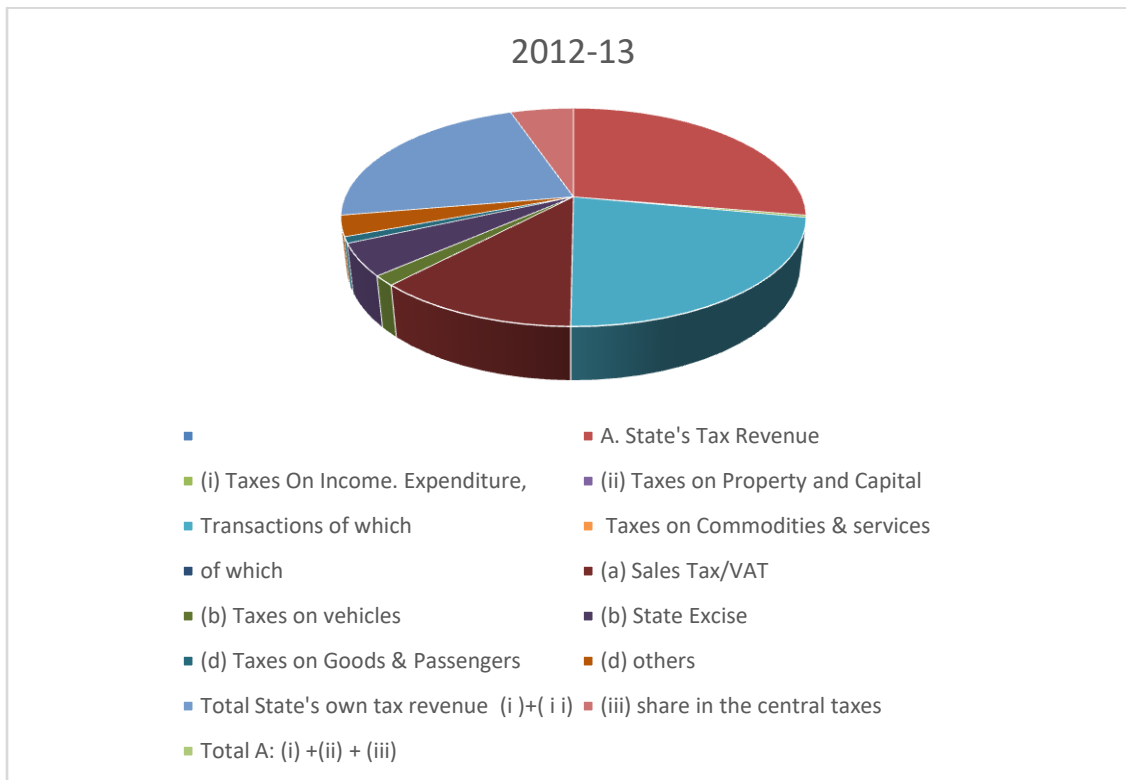
(Crores)

REVENUE RECEIPTS	2012-13
	(RE)
A. State's Tax Revenue	65992.5
(i) Taxes On Income. Expenditure,	750
(ii) Taxes on Property and Capital	
Transactions of which	52742.5
Taxes on Commodities & services	

of which	
(a) Sales Tax/VAT	28425
(b) Taxes on vehicles	3500
(b) State Excise	11300
(d) Taxes on Goods & Passengers	2200
(d) others	7317.5
Total State's own tax revenue (i)+(ii)	53492.5

Source: economic survey of Karnataka 2014-15

Figure No 1.2 Revenue Receipts in 2012-13



(RE-Revised Estimates)

The figure no1.3 states that the share of various taxes in the year of 2012-13.in this year Transactions are major share that is 52742.5 crores in all collected taxes. And sales tax and taxes on vehicles and state excise are very low share on the total share of taxes in government of the income.

Table No 1.3 Revenue Receipts in 2013-14.

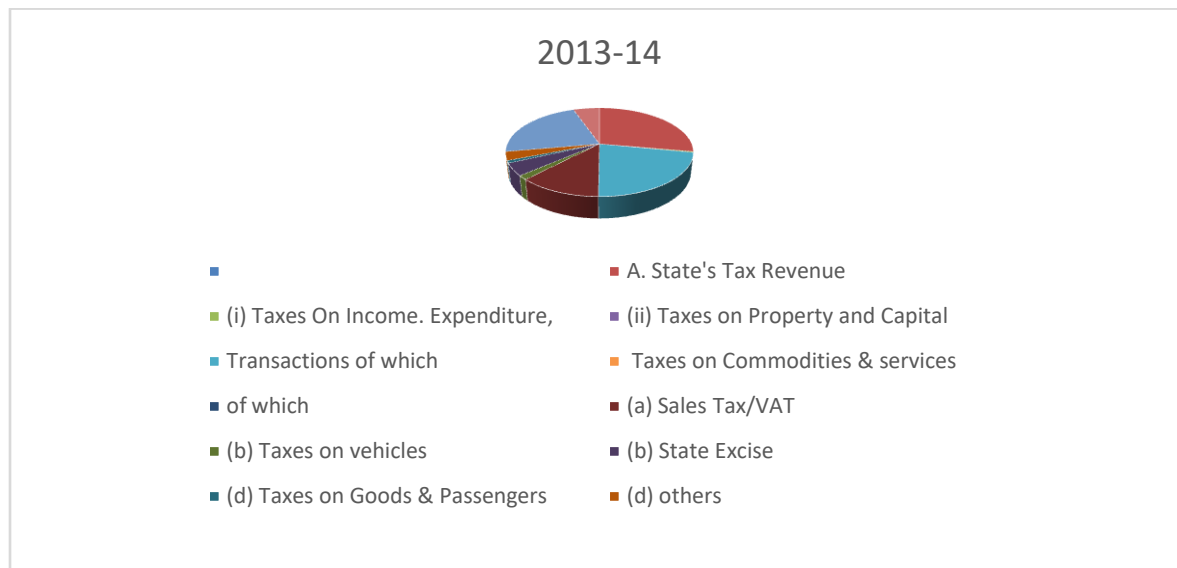
(In Crores)

REVENUE RECEIPTS	2013-14
	(B.E)
A. State's Tax Revenue	77520
(i) Taxes On Income. Expenditure,	850
(ii) Taxes on Property and Capital	
Transactions of which	61614
Taxes on Commodities & services	
of which	
(a) Sales Tax/VAT	33590
(b) Taxes on vehicles	4120
(b) State Excise	12600
(d) Taxes on Goods & Passengers	2525
(d) others	8779
Total State's own tax revenue (i)+(ii)	62464

Source: economic survey of Karnataka 2014-15

(BE) Budget estimates

Figure No 1.3 Revenue Receipts in 2013-14



(B.E)- Budget Estimates

The figure no1.4 states that the share of various taxes in the year of 2013-14.in this year Transactions are major share that is transactions are major share in the total taxes on state's income. And sales tax and taxes on vehicles and state excise is very low share on the total share of taxes in government of the income. These are total taxes in the year of 2013-14.

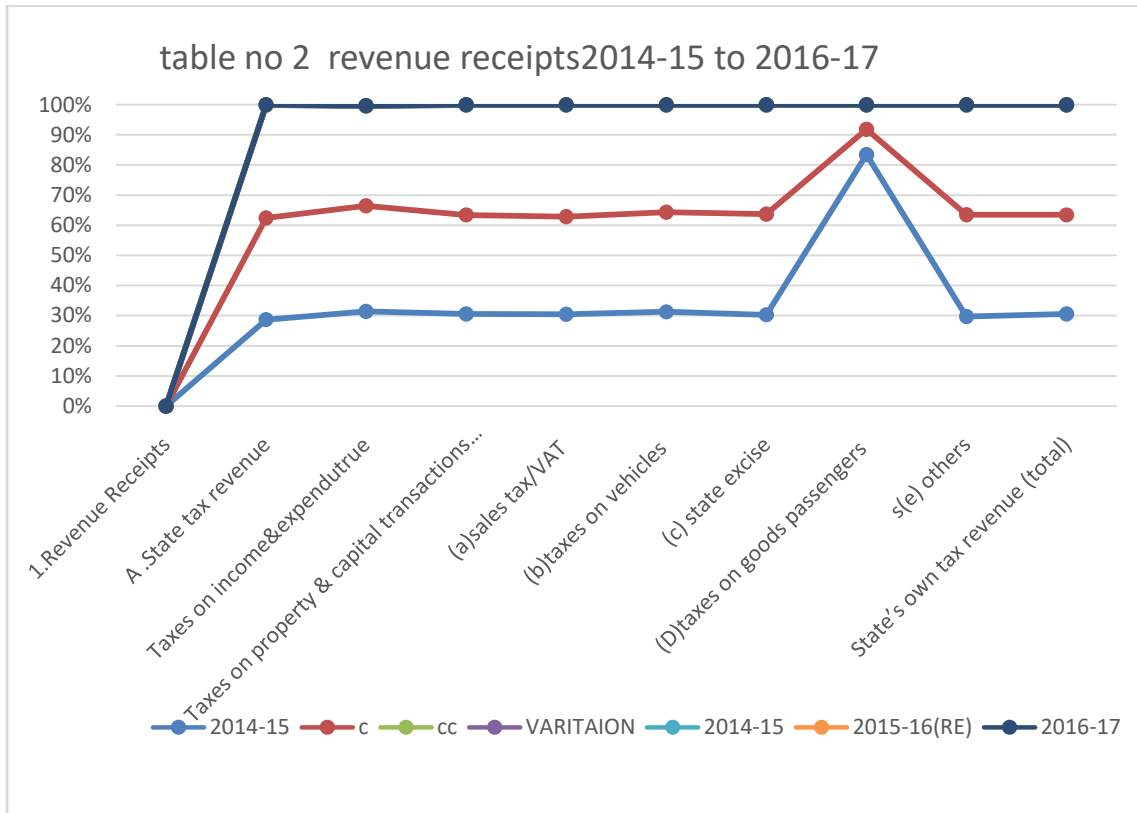
Table no 2.1-revene receipts 2014-15 to 2016-17 (in crores)

Category of receipts	2014-15 (A/C)	2015-16 (RE)	2016-17 (RE)	VARITAION 2016-17%	2014-15 A/C	2015-16(RE)	2016-17 (BE)
I.Revenue Receipts							
A .State tax revenue	84834.44	99551.61	110843.28	11.34	81.46	84.56	84.77
Taxes on income& expenditure	888.35	991.54	943.00	-4.90	0.85	0.84	0.72
Taxes on property & capital transactions of which	69291.95	74576.72	82821.43	11.19	66.54	63.35	63.42
(a)sales tax/VAT	38286.02	40614.15	46504.10	14.50	36.76	34.50	35.56
(b)taxes on vehicles	4541.57	4800.00	5160.00	7.50	4.36	4.08	3.25
(c) state excise	13801.07	15200.00	16510.00	8.62	13.25	12.91	12.63
(D)taxes on goods passengers	30337.98	3047.35	2964.50	-2.72	4.36	4.08	3.95
s(e) others	9625.31	10915.22	11782.83	7.95	9.24	9.27	9.01
State's own tax revenue (total)	70180.30	75568.26	83864.43	10.98	67.93	64.19	64.14

Source: economic survey 2016-17 A/C –Accounts, BE-Budget Estimates, RE-Revenue Estimates

A/C –Accounts, BE-Budget Estimates, RE-Revenue Estimates

Figure No 2.1 Revenue Receipts 2014-15 to 2016-17



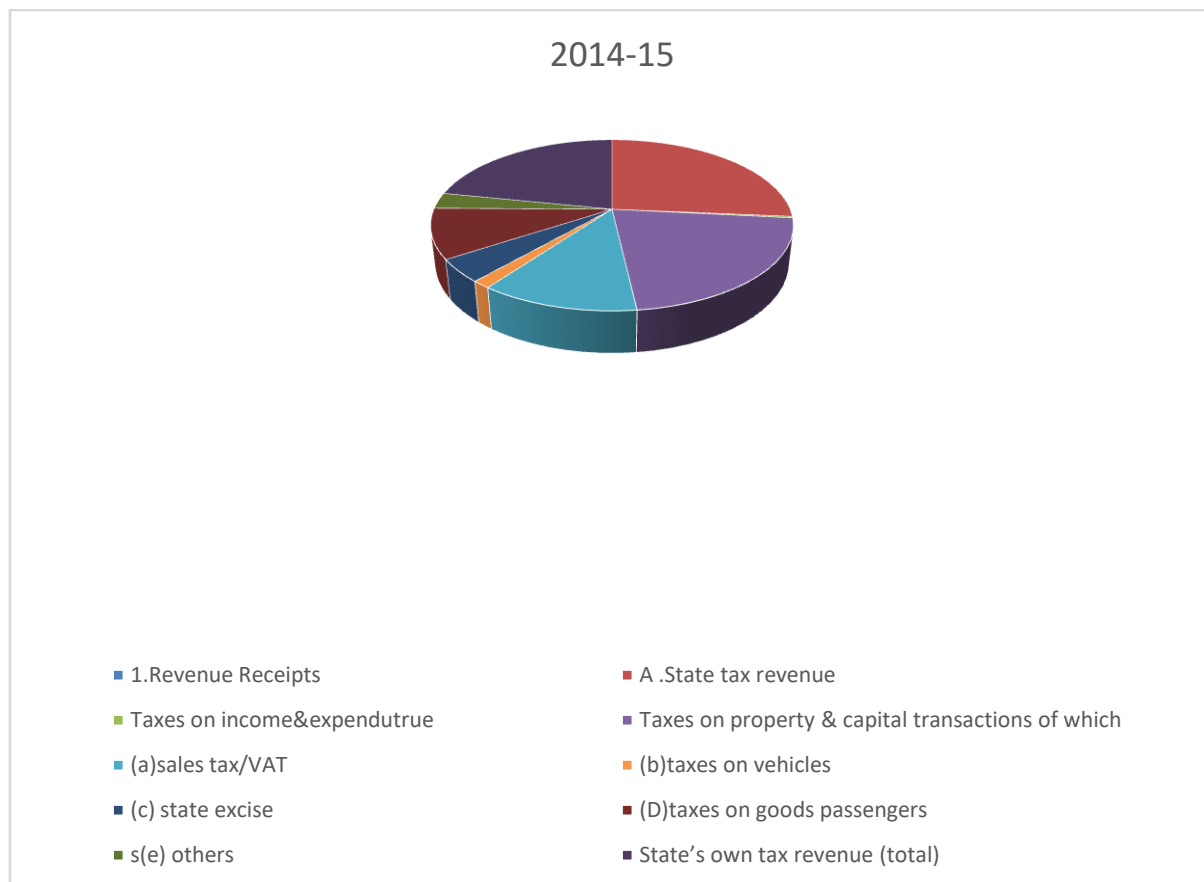
The figure no 2.1 depicts that trend in the taxes for the 2014-15 to 2016-17. State's Tax Revenue in 1) taxes on income and expenditure and 2) taxes on property and capital. Total own tax revenue is 70180.30 crores in the year of 2014-15. 75568.26 In the year of 2015-16. And 83864.43 crores in the year of 2016-17. These data are increasing level. And 2014-15 over 2015-16 variation is 10.98%. There is still significant debate the short term economic impact of fiscal adjustment, but some important emerged.

Table No 2.2-Revene Receipts 2014 to 15. (in Crores)

Category of receipts	2014-15 (A/C)
1. Revenue Receipts	

A .State tax revenue	84834.44	Source: economic survey 2016-17 A/C – Accounts
Taxes on income& expenditure	888.35	
Taxes on property & capital transactions of which	69291.95	
(a)sales tax/VAT	38286.02	
(b)taxes on vehicles	4541.57	
(c) state excise	13801.07	
(D)taxes on goods passengers	30337.98	
s(e) others	9625.31	
State’s own tax revenue (total)	70180.3	

Figure No 2.2 Revenue Receipts 2014 to 15



The figure no 2.2 states that the share of various taxes in the year 2014-15. In this year taxes on transactions is major share in the total taxes. And taxes on property and capital tax is very least share. Government external debt increasing significantly impact on government and taxes rising for people then and internal x government is changes and policy also changes political stability impact on taxation policy its change.

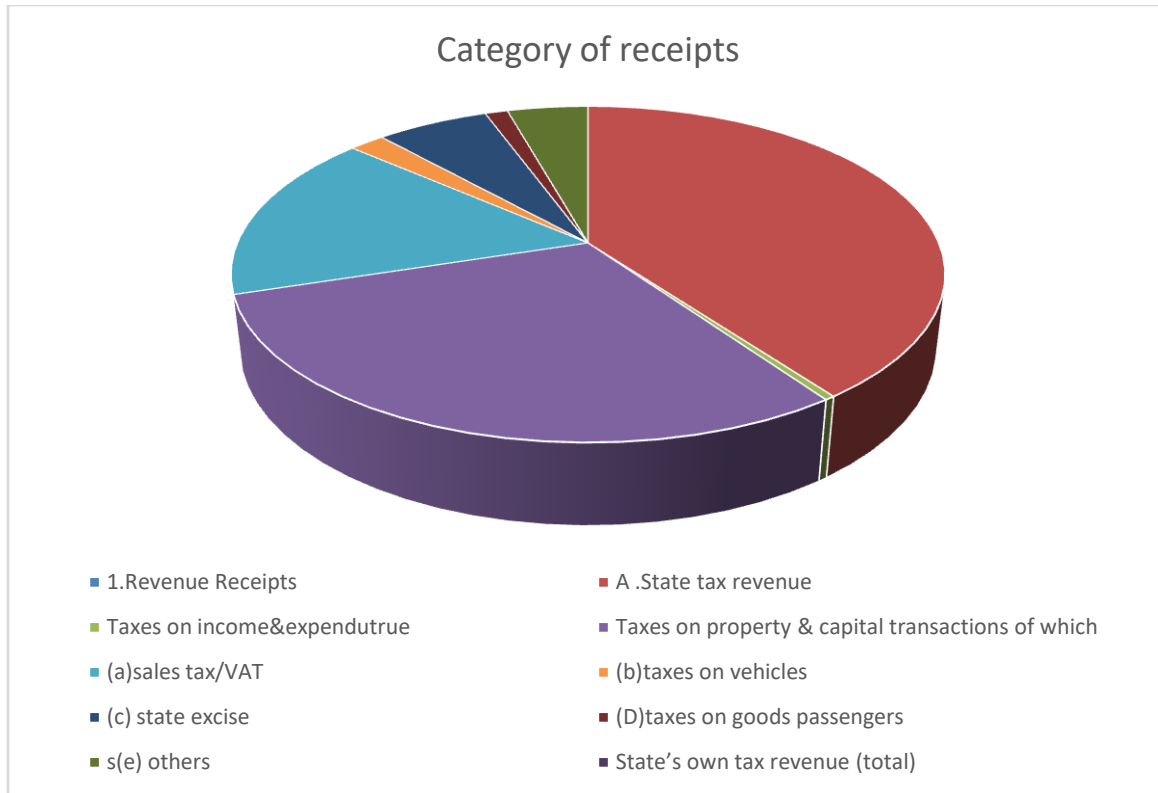
Table No 2.3-Revene Receipts 2015 to 16.

(InCrores)

Category of receipts	2015-16 (RE)
1.Revenue Receipts	
A .State tax revenue	99551.61
Taxes on income& expenditure	991.54
Taxes on property & capital transactions of which	74576.72
(a)sales tax/VAT	40614.15
(b)taxes on vehicles	4800
(c) state excise	15200
(D)taxes on goods passengers	3047.35
s(e) others	10915.22
State's own tax revenue (total)	75568.26

Source: economic survey 2016-17RE-Revenue Estimates

Figure No 2.3-Revene Receipts 2015 to 16



The figure no2.3 states that the share of various taxes in the year of 2015-16.in this year Transactions are major share that is transactions are major share in the total taxes on state's income. And sales tax and taxes on vehicles and state excise are very low share on the total share of taxes in government of the income. These are total taxes in the year of 2015-16.

Table No 2.4-Revene Receipts 2016 to 17.

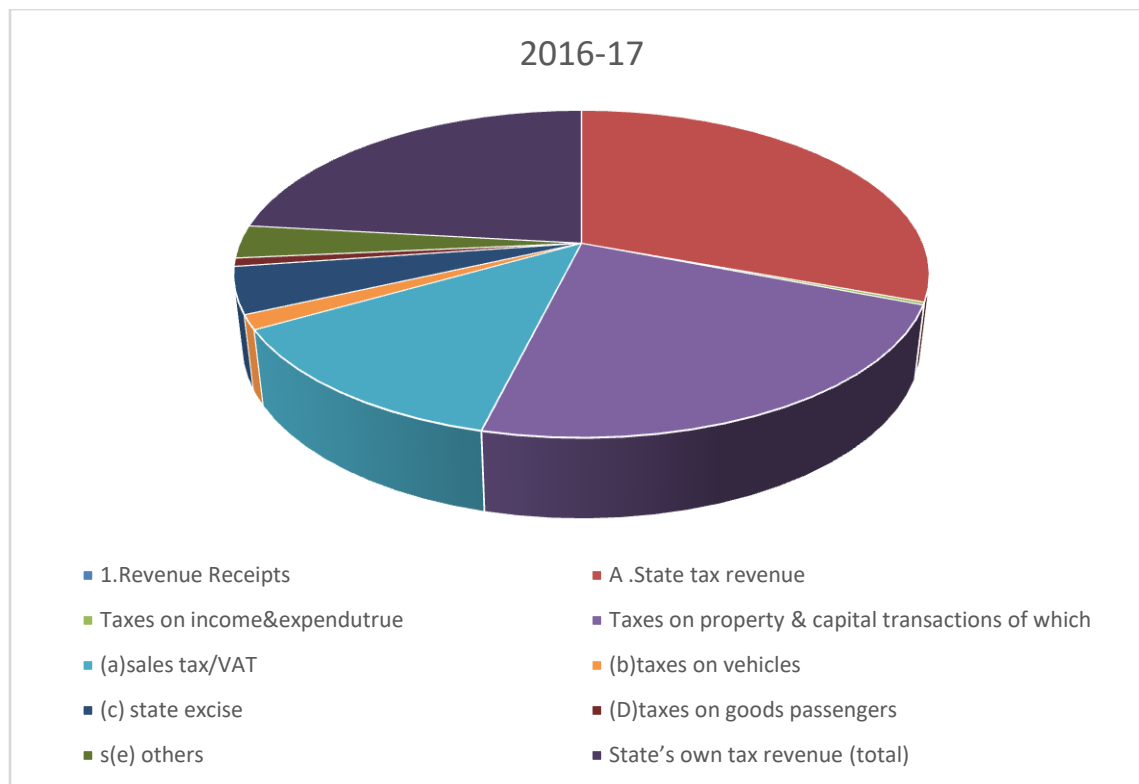
(InCrores)

Category of receipts	2016-17 (RE)
1.Revenue Receipts	
A .State tax revenue	110843.28
Taxes on income&expenditure	943
Taxes on property & capital transactions of which	82821.43
(a)sales tax/VAT	46504.1

(b)taxes on vehicles	5160
(c) state excise	16510
(D)taxes on goods passengers	2964.5
s(e) others	11782.83
State's own tax revenue (total)	83864.43

Source: economic survey2016-17

Figure No 2.4-Revene Receipts 2016 to 17



The figure no2.4 states that the share of various taxes in the year of 2016-17.in this year Transactions are major share that is transactions are major share in the total taxes on state's income. And sales tax and taxes on vehicles and state excise are very low share on the total share of taxes in government of the income. These are total taxes in the year of 2016-17.

FINDINGS AND SUGGESTION

Findings:

- State Taxes are increasing.
- Major share of state sales tax
- No stability in tax rates:
- Increasing manner of public expenditure
- External debts.
- Positivity of Tax devolution:
- Tax system is main income for the government.
- Reforming indirect tax in federal government has given more transparency to state government tax collection.

SUGGESTIONS:

- Promoting internal debts rather than external debts for covering gap between public revenue and public expenditure.
- In this study in the selected period of 2002-2012 the luxury tax is only 1% so that is to be increased.
- Progressive tax system has to strictly followed by the state government while tax levying.
- There should not be more fluctuation in the tax rates because of achieving stability in price level in the economy.
- E-government should be introduced and public awareness about

CONCLUSION:-

There can be no doubt that the recent developments in the analysis of trend and patterns of taxes in Karnataka have brought welfare economics closer to the realities of economic policy. I know how to model taxation problems in public sector with fairly realistic assumptions about the set of policy tools available. This study analyzed on trend and patterns of taxes in Karnataka so and tax revenue and economic growth in Karnataka. Totally this study belongs to trend and patterns taxes in Karnataka especially in indirect taxes, the research findings leading to some

significant conclusions have been summarized in this final part of the research study. The results of the hypothesis based on the research findings have been presented at the end of the conclusions. A few suggestions based on the research study have been offered for further streamlining of the implementation of the taxes policy lending by the taxes the study area. Lending has been trend and patterns of taxes in Karnataka.

References:

Dr.R. Vasanthagopal (April 2011): “GST in India: A Big Leap in the indirect taxation system” international journal of trade, economics and finance.

Dr. Deshpande Sneha (October 2011): “Indian Tax Reform and Issues of Direct Tax Code” Indian Streams Research Journals.

.

Online reference:

1. www.karnataka at a glance
2. www.finacial.kar.nic
3. www.planning.kar.nic.in