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## TAXATION ISSUES FACED BY THE COMPANIES

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#### ABSTRACT

The introduction of the Goods and Services Tax (GST) has brought significant changes to the tax system, impacting small businesses in various ways. This research paper aims to explore the effects of GST on cost management practices in small businesses. By examining the period before and after the implementation of GST, the study seeks to understand how cost structures, compliance costs, and overall financial management have been influenced. The research employs a mixed-methods approach, incorporating both quantitative data analysis and qualitative insights gathered from interviews and surveys with small business owners and financial managers. This combination provides a comprehensive view of the challenges and benefits experienced by small businesses in adapting to GST. The findings indicate that GST has simplified the tax process and reduced instances of tax evasion. However, it has also introduced new compliance requirements that have increased operational costs for small businesses. These costs include the need for updated accounting systems, regular filing of GST returns, and the necessity for ongoing staff training to stay compliant with the new tax regulations. Despite these challenges, the paper

identifies strategies that small businesses can adopt to optimize their cost management practices in the GST environment. Recommendations include leveraging technology for efficient accounting, seeking professional advice for tax planning, and implementing regular reviews of financial practices to ensure both compliance and cost-effectiveness. Tax is a compulsory contribution or payment of money by various persons to the government by virtue of its powers conferred under the Constitution. The tax collected is used for public purposes. The contribution, so received is not for any specific services rendered to the tax payers. It is imposed on an individual who falls under the different tax brackets based on their earnings or revenue, and they have to file an income tax return every year, after which they will either need to pay the tax or be eligible for a tax refund. Companies incorporated or having operations in India have to pay tax to the government. They need to pay tax on the profits earned from the business. Unlike, income tax slab rates of individuals, the companies have to pay tax at flat rates prescribed by the government. This research contributes to a deeper understanding of the practical implications of GST on small businesses. It offers valuable insights for policymakers to develop support mechanisms that can help small businesses navigate the complexities of the GST system while maintaining financial stability. By highlighting both the challenges and opportunities presented by GST, the paper aims to provide a roadmap for small businesses to thrive in the new tax landscape.

**Keywords:** Taxation, GST,

## INTRODUCTION

A direct tax is the type of tax that a person or organization pays directly to the entity that imposed it. Examples include income tax, real property tax, personal property tax, and taxes on assets, all of which are paid by an individual taxpayer directly to the government

Taxation is a term for when a taxing authority, usually a government, levies or imposes a financial obligation on its citizens or residents. Paying taxes to governments or officials has been a mainstay of civilization since ancient times. Direct tax is levied on people's income or profits. For example, a taxpayer pays the government for different purposes, including income tax, personal property tax, FBT, etc. The burden has to be borne by the person on whom the tax is levied and cannot be passed on to someone else.

Earlier, an indirect tax meant paying more than the actual price of a product bought or a service acquired. And there was a myriad of indirect taxes imposed on taxpayers. Resident, non-resident, or a person of Indian origin meeting Income Tax Act criteria. Includes salaried employees, self-employed professionals, freelancers, and individuals earning taxable income. Direct Tax Code is a major reform in the tax system where the government aims at simplifying the tax laws and regulations into a single legislation.

Electronic filing is the process of submitting tax returns over the internet, using tax preparation software that has been pre-approved by relevant tax authority that means the income tax imposed on the individual or entities (tax payers) that varies with the income or profit (taxable income) of the tax payers. Surprisingly, literature on E-filing in India is scanty. Keeping this in mind, the present study aimed to find the income tax payers perception towards electronic filing among individual, business firms and HUFs. The study is being conducted with primary data. Observations are being observed by questionnaire to find out the income tax payers perception, satisfaction and awareness of electronic filing.

Examples of indirect taxes include excise duties on fuel, liquor, and cigarettes as well as a value-added tax (VAT), also referred to as a consumption tax. The modern distinction

between direct taxes and indirect taxes came about with the ratification of the 16th Amendment to the U.S. Constitution in 1913. Before the 16th Amendment, tax law in the United States was written so that direct taxes had to be directly apportioned to a state's population.<sup>23</sup> A state with a population that was 75% of the size of another state's, for example, would only be required to pay direct taxes equal to 75% of the larger state's tax bill.

The British rules incurred some expenditure to suppress the freedom movement started in India in 1857 called by them as "Soldiers Mutiny". They introduced income tax for the first time in India in the year 1860 as a temporary measure to tide over the financial difficulties. However, it became a permanent feature of the tax system only after passing the Indian income tax of 10 1886. Due to several amendments made in this Act, it was repealed by passing the income-tax Act in 1918. Further on the recommendations made by the All India Tax Enquiry committee a new income tax act was passed in 1922.

This paper seeks to contribute to the ongoing discourse on Taxes by focusing on its impact on small businesses, Manufacturing Industries a sector that is vital to economic growth and employment. By exploring both the challenges and opportunities presented by GST, TDS the research aims to provide actionable recommendations that can help businesses enhance their cost management practices and achieve greater financial stability in the Taxation era.

#### LITERATURE REVIEW

1. Taxation is one of the main tools at governments' disposal to affect entrepreneurship in order to maximize its benefits. The goal of this study is to provide a comprehensive and updated review of the theoretical and empirical economic literature on tax and entrepreneurship, taking also into account a number of open, tax-related questions

raised by the changing nature of entrepreneurship, symbolized by the growing importance of the collaborative economy. Case studies complement the literature review by exemplifying the key relationships between entrepreneurship, the collaborative economy and the tax system. Based on the literature review and the case studies, the report develops a framework of analysis that allows to highlight the main tax policy options to support entrepreneurship in the traditional and the collaborative economy.

2. Additionally, manufacturing industry problems, such as lack of skilled personnel, supply chain issues, and digitalization and automation challenges, can slow down the sector's growth. Let's understand the challenges manufacturing industries face and how to overcome them

3. Main effects of taxation on production is ability to work, Save and Invest Imposition of taxes reduces disposable income, more bitterly of the poor section, their purchasing power and ability to acquire necessities, comforts and luxuries. This reduces their consumption and therefore the ability to work and save.

4. A significant body of literature has focused on the compliance costs associated with GST. [Narayan and Sharma (2020)] conducted a survey of small businesses and found that compliance costs included not only the direct costs of software and professional services but also the indirect costs of time spent by business owners and employees in understanding and adhering to GST requirements. This study suggested that the compliance burden was disproportionately higher for small businesses compared to larger enterprises.

5. Kumar et al. discussed about the benefits of electronic filing of tax to the authorities, policy makers, present and prospective tax payers, e-filing intermediaries, financial software 38 engineers and

academicians. The paper focused on the benefits derived by the different sections of the society due to e-filing of income tax returns.

#### OBJECTIVES OF THE STUDY

- 1) To know about the awareness level of Taxpayer.
- 2) To know about the Tax payers problems towards electronic filing.
- 3) Identify Key Tax Issues and Challenges
- 4) Examine the Impact of Tax Policies on Manufacturing Industries.

#### SCOPE OF THE STUDY

- 1) Impact of corporate taxation on ease of doing business
- 2) The study examines the period before and after the implementation of Direct & Indirect taxes allowing for a comparative analysis of cost management practices over time.
- 3) Impact of changes in tax clauses on small and medium enterprises.
- 4) Tax Planning at a Crucial Juncture in Manufacturing Industries.
- 5) Methods of Filing tax returns.

#### METHODOLOGY

##### 1. Research Design

##### Mixed-Methods Approach

- **Quantitative and Qualitative:** Utilizes both quantitative surveys via Google Forms and qualitative insights from interviews to provide a comprehensive understanding of GST's impact on cost management in small businesses.

##### Quantitative Component

- **Google Forms Surveys:**
  - **Design:** Structured questions focusing on cost structures, compliance costs, and financial management practices.
  - **Distribution:** Sent to a sample of 5-10 small business owners and financial managers to collect data on their experiences with GST, TDS, Professional Taxes.

##### Qualitative Data:

- In-depth interviews with business owners, managers, and accountants.
- Focus groups with small business

representatives.

#### Sampling

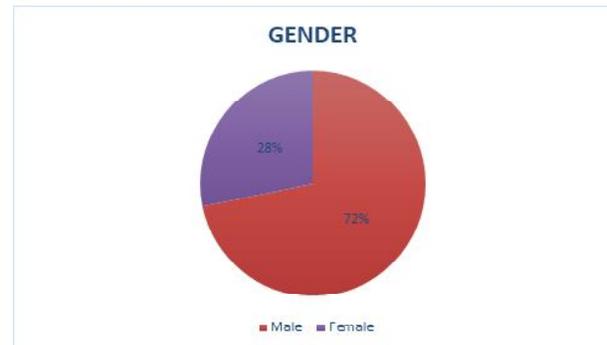
- **Sample Size:** 5-10 small businesses/Enterprises.
- **Sampling Technique:** Simple Random Sampling.

#### Limitation of Study

1. The survey was conducted only in Navi Mumbai City. Hence the results arrived at from this study may not be applicable to other areas.
2. The study may not capture how specific government policies or regional tax incentives affect small businesses differently.
3. A limited number of respondents may not represent the wider population of small businesses.
4. This study mainly focuses on assessing awareness and satisfaction level of tax payers about issues of tax returns & may more
5. The respondents who have not given any information are not included in the sample but do come under the population

#### DATA ANALYSIS AND INTERPRETATION

##### GENDER



##### Analysis

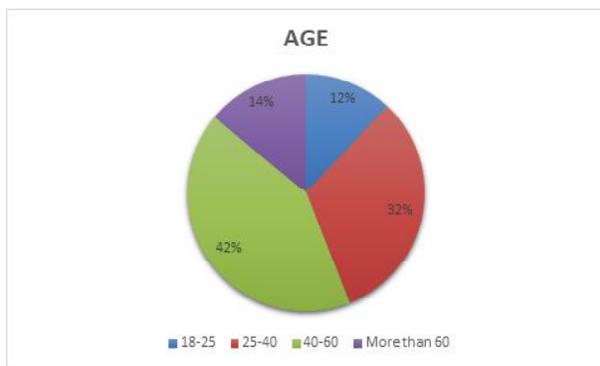
In the survey, the gender distribution of respondents shows that **72%** were male and **28%** were female. This indicates a significant male majority among the respondents.

##### Interpretation

The data reflects a larger participation of male business owners or managers compared to females. This could be attributed to the fact that, in many regions, men are more likely to own or manage small businesses, especially in

traditionally male-dominated industries. The lower female representation (28%) suggests either fewer women in small business ownership or lesser participation in the survey. This gender imbalance may highlight existing disparities in business ownership or access to resources for women in the small business sector. The predominance of male respondents could potentially skew the study's findings toward male perspectives on cost management practices under GST, as male and female entrepreneurs might differ in their business approaches and financial decision-making.

### Age



### Analysis

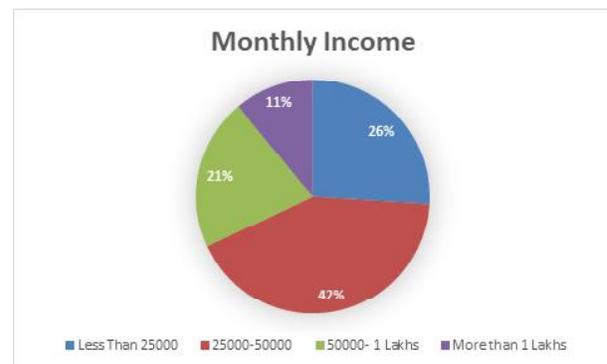
The age distribution data shows that the majority of respondents are aged 40-60 years (42%), indicating a predominance of experienced business owners. The second-largest group is 25-40 years (32%), suggesting involvement of younger, possibly innovative managers. Those over 60 years make up 14%, reflecting active participation from older business owners, while the 18-25 years group is the smallest (12%), possibly due to less experience or capital. This distribution suggests that experienced and mid-career professionals are most active in managing small businesses, with varying influences from different age groups.

### Interpretation

The age distribution of respondents reveals that the most active business owners are predominantly in the 40-60 years range,

reflecting a group with substantial experience and stability. This is followed by those aged 25-40 years, who likely bring fresh perspectives and innovative approaches to business management. The presence of older business owners (over 60 years) indicates that long-established practices still play a role, contributing valuable insights into traditional cost management and GST compliance. Meanwhile, the lower representation of younger individuals (18-25 years) suggests that fewer young entrepreneurs are engaged, possibly due to barriers like limited experience or capital. Overall, the data highlights that experienced professionals are central to small business management, with younger and older age groups offering complementary, though less prevalent, perspectives.

### Monthly Income from Business



### Analysis

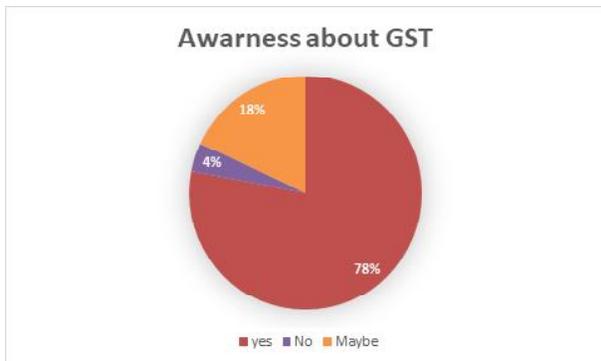
The income distribution data reveals that the majority of respondents, 42%, earn between 25,000 and 50,000 monthly, indicating this is the most common income bracket among the sample. Additionally, 26% of respondents fall into the lower-income category of less than 25,000, highlighting a significant portion of lower-income earners. A smaller segment, 21%, earns between 50,000 and 1 Lakhs, and only 11% earn more than 1 Lakhs, suggesting that high-income earners are relatively rare. Overall, the data suggests that most respondents are in the middle to lower income ranges, which could influence their financial management practices

and their approach to cost management and GST compliance.

**Interpretation**

The data indicates that a substantial portion of respondents (42%) fall into the middle-income bracket of 25,000-50,000, suggesting that this is the most common income level among the sample. A notable percentage (26%) earn less than 25,000, reflecting a significant number of lower-income respondents. Fewer individuals earn between 50,000 and 1 Lakhs (21%), and the smallest percentage (11%) earn more than 1 Lakhs, indicating that high-income earners are relatively rare. This income distribution highlights that the majority of respondents are in the middle to lower income ranges, which may impact their financial management practices and perceptions of cost management and GST compliance.

**Are you aware of the Goods and Service Tax (GST)**



**Analysis**

The data shows that 78% of respondents are aware of GST, indicating strong overall knowledge. Only 4% are unaware, suggesting that lack of awareness is minimal. However, 18% are uncertain about GST, pointing to a need for further education. Overall, while awareness is high, addressing the uncertainty could enhance understanding and compliance.

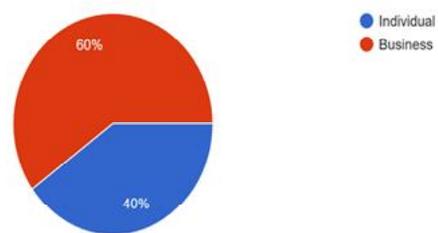
**Interpretation**

The data shows that awareness of GST is high among respondents, with 78%

confidently acknowledging their knowledge of the tax system. This suggests that most individuals are informed about GST, which may influence their approach to cost management and compliance. However, the 18% who are unsure indicate that there is still a segment of the population that could benefit from further education on GST. The very small percentage of those completely unaware (4%) suggests that GST awareness is generally well-established among the respondents. Overall, while the majority are knowledgeable, addressing the uncertainties among the 18% could enhance overall understanding and compliance.

**Are you an individual taxpayer or a business entity?**

Company/Org Are you an individual taxpayer or a business entity?  
10 responses



**Data Analysis**

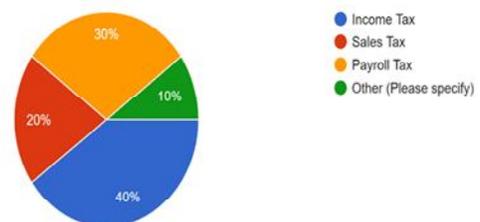
The data reveals that there are the 60 % of respondents are regular business entities. notable portion remains uncertain or unaffected.

**Interpretation**

The data indicates that the 40 % of respondents are an regular Individual Tax Payers.

**Type of Tax Issue faced by you while dealing in daily compliances**

Type of Tax Issue faced by you while dealing in daily compliances  
10 responses



### Data Analysis

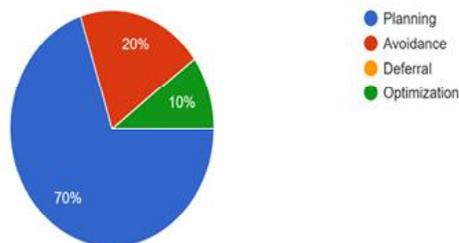
The data reveals a notable The 40 % of respondents faces issues in Income Tax return while dealing in their daily compliances. The 20 % of respondents faces issues in Sales Taxes i.e issues while filing GST/TDS returns and other while dealing in their daily compliances. The 30 % of respondents faces issues in Payroll Taxes while dealing in their daily compliances. The 10 % of respondents faces issues in Payroll Taxes while dealing in their daily compliances.

### Interpretation

The interpretation of the data suggests that the The awareness can be increased by organizing awareness programs in office/ workplaces. The tax authorities should have to develop marketing strategies to reduce and resolve the e-filing related issues. Overall, the data points to GST having a largely inflationary effect on pricing strategies in most small businesses.

### What strategy is best for managing tax liabilities

What strategy is best for managing tax liabilities?  
10 responses



### Data Analysis

The data shows suggests that more improvements in taxation facilities are to be carried for minimizing the problems faced while filing tax returns in different organizations. By implementing a systematic approach to record keeping, such as using digital tools or accounting software. Set aside regular times to review and organize records Seeking expertise in international tax law to ensure compliance with both domestic and foreign regulation Always reading tax authority correspondence carefully.

If unclear, don't hesitate to reach out to them or consult a tax professional for clarification.

### Suggestions

Tax professionals should be encouraged to use e-filing as there are many benefits of this system.

- The awareness can be increased by organizing awareness programs in office/ workplaces.
- The tax authorities should have to develop marketing strategies to reduce and resolve the e-filing related issues.
- The Income Tax Department should upgrade its technologies in e-filing of returns.
- The IT department has to train manpower to increase its efficiency in income tax administration.
- The tax professionals are requested to use e-filing and e-payment facilities.
- Research available deductions for your specific situation (e.g., home office, education, medical expenses). Maintain receipts and documentation for all potential deductions.
- Determine the most beneficial filing status (single, married, head of household) early in the tax year. Use IRS guidelines or consult a tax professional for clarity.
- Research available tax credits that may apply to you, such as the Earned Income Tax Credit (EITC) or education credits. Fill out the relevant forms accurately to claim these credits.

Impact of Direct Tax Reforms on Small Businesses By Analysing how recent changes in direct tax laws affect small business owners, including tax liability and compliance costs. Tax Planning Strategies for Individuals: Maximizing Deductions and Credits Investigating effective tax planning techniques that individuals can employ to Minimize their direct tax burdens. Comparative Study of Direct Taxation in Different Countries. Examine how direct tax systems vary globally, focusing on tax rates, compliance Requirements, and economic impact. Study how consumer understanding of

indirect taxes influences their purchasing decisions and overall satisfaction

### Conclusion

In Indian Direct tax structure, administrative aspect of direct taxes has often been neglected resulting into loss of revenue and cropping up of many problems. Administrative problems of income-tax are many. Notable among them are—tax evasion or under valuation of incomes and identifying new assesses. Other administrative problems are concerned with mounting arrears of assessments, collection and pendency of appeals, etc. Thus, it can be inferred that Indian tax structure needs a lot of changes to suit Indian conditions. Every individual is interested to save his tax. This is possible if a person takes full advantage of the various provisions contained in the Income-tax Act specially relating to deductions and exemptions. Tax laws provide different tax incentives for different categories of assesses and for different sources of income so that his tax liability is minimal. The Supreme Court in a case held that colorable (McDowell and Co. Ltd. vs. CTO, 1986) devices are certainly not part of the law and, therefore, cannot be part of tax planning. Arrangement for tax planning must be real and genuine and not a sham or make believe (Jiyajeerao Cotton Mills Ltd. vs. CIT/CEPT, 1985). However, all exemptions, deductions, allowances, etc. are not available to all categories of taxpayers. Many tax payers resort to illegal activities to save income-tax; but, such activities are not a part of tax planning process but a part of tax evasion which is always disparaging. However, one can go ahead with legal ways of saving income-tax and find out the pointers which are of advantage looking to the facts and circumstances. Information and Communication Technology (ICT) plays a vital role in the implementation of technology-oriented services between Government and the Public (e-governance). Among various electronic services, E-filing of

ITRs is the easiest and latest technology-oriented service between Income Tax Department and Tax payers. This completed research work focuses on the tax payers perception of E-Filing of ITRs and this study concludes that e-filing of ITRs has simplified procedures, ease of use, accuracy and safety, and it is cost effective.

Technological readiness is defined as people propensity to embrace and use new technology for accomplishing certain tasks. So, more efforts must be made in this direction by Indian Income Tax Department then only they can achieve their mission “Technology in the service of Tax payers Finally, in this information communication technology era, every government is required to develop a reliable, fast and customized channel for service delivery under various E-governance initiatives.

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## The Role of Cost Accounting in Strategic Decision-Making

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### Abstract

Cost accounting has evolved beyond its traditional role of tracking and reporting costs. Today, it plays a critical role in strategic decision-making by providing insights that help management formulate long-term business strategies. This paper explores how cost accounting contributes to strategic decision-making, focusing on key areas like budgeting, pricing strategies, cost control, and resource allocation. Additionally, it examines the tools and methods cost accountants use to provide accurate and timely information that shapes a company's competitive advantage.

**Keywords:** Cost accounting, Decision making, business, ERP, management. etc.

### Introduction

In the modern business environment, strategic decisions are crucial for sustaining competitiveness and achieving long-term goals. Cost accounting serves as the backbone for many of these decisions by offering detailed financial data and analysis. This paper seeks to understand how cost accounting supports strategic planning and decision-making. By providing data on cost behaviors, profitability, and efficiency, it helps businesses optimize resource allocation, control costs, and align operations with broader strategic goals.

### Literature Review