

Tax Evasion in India: A Study of its Impact on Revenue of the Government

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Abstract: *Taxes are the main source of funding for governments and the required contribution from the population. Tax evasion is an illegal activity that results in income inequality, halts economic growth, and creates unstable economic conditions. Tax avoidance is typically connected to the unofficial economy. The tax gap and an individual's quantity of unreported income are both widened by the income distribution inequality. The difference between the amount that should be reported and the amount that is actually reported is added up here. This essay aims to clarify the connection between tax revenue and government revenue and tax avoidance. However, the study also examines the idea of tax avoidance and explains the legal means through which a person or a business entity can utilize tax rules to lessen the burden of taxes. Because both activities fall into a certain spectrum, a state's tax structure is unfavorable. In the end, tax evasion and avoidance lower the government's revenue stream, although the latter greatly decreases the government's income flow. The documents indicate that even in cases where taxes are paid in small amounts, a considerable proportion of the population viewed it as a hardship. This could be because taxpayers believe the government is not using their money effectively or that the tax rate is too high.*

Keywords: Tax, India, Revenue, Government, Amount

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