

Effectiveness of Tax Deduction at Source (TDS) in India

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Abstract: *This research paper aims to provide a comprehensive overview of Tax Deducted at Source (TDS), exploring its policies, mechanisms, and implications on various stakeholders within the taxation system. TDS is a mechanism employed by tax authorities globally to ensure a steady collection of revenue by deducting taxes at the source of income. This paper delves into the historical evolution of TDS, its legislative framework, and the multifaceted impact it has on businesses, individuals, and government finances. To Study and analyses all the purposes for which TDS in India was introduced to ensure whether they are properly achieved for collection of more revenues to Govt. Also study major types of tax system in the world. Study whether Adam smith's all the four Canon of Taxation are satisfied by TDS mechanism and to what extent with reasons there for. To conclude, considering major tax collection mechanism, whether TDS mechanism is effective or not.*

Keywords: TDS, India, Tax, Machanism.