

CHAPTER VI

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The provisions of the Act have no doubt effectively to combat tax evasion. They have also achieved in providing desired integrated tax structure. Similarly, since the provisions are parallel to Wealth-tax Act in some respects regarding overall contents and substance, they provide a simple code. The legislation is compact. The forms and the rules are no doubt easy to understand. The tax administration of the Act is vested with Income-tax personnel; as such, no extra cost is incurred in administering the Act. The exemptions covered are adequate.

SUGGESTIONS

The entire Gift-tax Act consists of 47 Sections divided into eight chapters and annexed with one Schedule that provides for the rates of Gift-tax Act. The Gift-tax Act Rules, 1958 numbering in all 13 Rules, were made applicable from the 1st day of April, 1958. These Rules supplement the provisions of the Act. Apart from this, several forms, from Form No.A to Form No.N, alphabetically arranged, have been provided as per the requirements of the



Rules. In addition, the Central Board of Direct Taxes, the highest authority in tax administration, issues instructions etc. to the subordinate authorities. In brief, this is the statutory literature available so far as the Gift-tax legislation is concerned. Various Finance Acts, Direct Tax Laws (Amendments) Acts, Gift-tax (Amendments) Acts, etc. have further been added from time to time.

Looking from the frequent changes in the legislation it appears that there is need to maintain some sort of stability in the legislations. It is also necessary to further simplify the language of the legislation. It is also desired that Gift-tax legislation be made more effective so that the following objectives should be served:

1. Collections from Gift-tax should be ultimately increased.
2. The efforts for tax evasion and avoidance should further be checked by making the legislation more effective.
3. If the separate legislation is, for some or the other reason, going to be ineffective, the Gift-tax

legislation may be made forming part of only Income-tax legislation.

4. The levy of Gift-tax aimed at tax evasion should also take into consideration the inflationary trends in the economy and on this basis, the exemption limits and concession offered should be fixed.
5. The procedure for valuation should be simple and should not provide any scope for corruption.
6. As far as possible there should be an attempt to eliminate or minimise penal provisions and instead of that tax structure itself be modified.
7. The exemptions under Section 5 offered should be periodically reviewed and the test should be to base the exemption on national needs. Precisely, the scope for exemptions should not be very wide as to open the gates for erosion of resources nor should they be so narrow as to confer incentives for corruption.