

Conclusions 5.1

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CHAPTER FIVE

CONCLUSIONS AND SUGGESTIONS

CHAPTER - V
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5.1 Conclusions:

'Partnership' is a separate taxable entity. The firm may be a registered firm or an unregistered firm for the purpose of taxation. There is another type of firm, which is assessed as registered, although it is an unregistered firm. The procedure for computation of income of the firm is more or less the same, the tax rates are different. The exemptions are also different. The procedure for obtaining registration is laid down in the statute. The procedure for registration is recently amended and there is an effort at simplification of the same.

In spite of the above, there are a number of litigations between the taxpayers and the tax department. There may be always a question of genuineness of the firm. The taxpayer may try to reduce the tax liability and the department may try to involve him in the cancellation of a registration. A number of Supreme Court cases given in the preceding Chapter throw light on this aspect.

5.2 Suggestions:

From the discussions made earlier, the following:

suggestions emerge:

- (1) Though the law is amended, still there is a need for further simplification from the point of view of the assesseees regarding the registration of the firm.
- (2) The number of pending litigations shows that there is a need to prevent litigations, or atleast minimize them.
- (3) Partnership is a separate taxable entity; but for tax purposes, the same is given different treatment. In case of registered firm and unregistered firm, there is a need to stop this distinction.
- (4) The tax rates for the firm and the exemption limits are required to be reviewed.
- (5) The discretion given to the assessing officer for registration should be stopped.