

INTERNSHIP REPORT
ON
**“A Practical Exposure to Taxation under the
supervision of a Chartered Accountant”**

In
R RATTAN GARG & CO.

SUBMITTED IN PARTIAL FULFILLMENT OF REQUIREMENT
FOR THE DEGREE OF
BACHELOR OF BUSINESS ADMINISTRATION

Submitted to: -

CIMAGE PROFESSIONAL COLLEGE
(Affiliated to Aryabhata Knowledge University)
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Under the Guidance of:

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Internship Position: - Taxation Intern

Internship Duration: - 03rd July, 2025 to 17th July, 2025

Date of Submission: -

PREFACE

This internship report is prepared as part of my **Bachelor of Business Administration (BBA)** program. It highlights my experiences and key learnings during my internship at **R Rattan Garg & Co.**, where I worked in the Taxation Department from **03rd of July 2025 to 17th of July 2025**.

I sincerely thank **R Rattan Garg Sir (CA)** for their valuable guidance and support throughout my internship. I am also grateful to my university, **Aryabhatta Knowledge University**, and my faculty advisor, **Prof. Nitish Rohatgi (HoD. Management Department)**, for their continuous encouragement.

This internship allowed me to apply my academic knowledge in a real-world business environment, enhancing my skills in Accounting, ITR Filing, Taxation, and etc. It has been a valuable experience that will benefit my professional growth.

I hope this report provides useful insights for future interns and professionals. Suggestions for improvement are always welcome.

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Acknowledgement

I would like to express my sincere gratitude to **R Rattan Garg & Co.** for providing me with the opportunity to complete my internship in the Taxation Department. This experience has been invaluable in enhancing my professional skills and practical knowledge.

I am especially thankful to my mentor, **Ram Rattan Garg Sir (Chartered Accountant)**, for their guidance and support throughout my internship. I also appreciate my university, Aryabhatta Knowledge University, and my faculty advisor, **Prof. Nitish Rohatgi (HoD. Management Department)**, for their encouragement and academic assistance.

Lastly, I extend my heartfelt thanks to my family and friends for their continuous support during this journey.

ARPIT ANAND

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Declaration

I, Arpit Anand, a student of **Bachelor of Business Administration (BBA), Aryabhatta Knowledge University**, hereby declare that this internship report titled “**A Practical Exposure to Taxation under the supervision of a Chartered Accountant**”

is my original work. This report is prepared as part of the Bachelor of **Business Administration Programme** and is submitted in partial fulfillment of the requirements for the BBA degree.

I confirm that this report has not been submitted previously to any university, institution, or organization for academic or professional purposes. Any references or sources used have been properly acknowledged.

This report is based on my internship experience at **R Rattan Garg & Co.**, where I worked in the Accounting & Taxation Department from **03rd of July 2025 to 17th of July 2025**.

I take full responsibility for the accuracy and authenticity of the information provided in this report.

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INTERNSHIP CERTIFICATE

This is to certify that Mr. Arpit Anand, currently pursuing Bachelor of Business Administration (2022–2025) from CIMAGE Professional College, Patna, has successfully completed a short-term internship at our firm R Rattan Garg & Co., Chartered Accountants, Muzaffarpur, from 2nd July 2025 to 16th July 2025.

During his internship, Mr. Arpit Anand was actively involved in various professional assignments related to:

- Accounting entries and ledger review using Tally Prime and MS Excel
- Support in auditing tasks including voucher verification and documentation
- Assistance in GST and Income Tax return preparation
- Data handling and report creation using Microsoft Office tools
- Observational learning of client interaction and professional communication

His performance was found to be sincere and satisfactory. He exhibited good communication skills, eagerness to learn, and a responsible attitude towards his assignments.

We wish him all the best for his future endeavors.

Date: 17-07-2025

Place: Muzaffarpur

For R RATTAN GARG & CO.
Chartered Accountants



(CA Ram Rattan Garg)
Partner
Seal & Signature

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1. INTRODUCTION: -

Taxation is the means by which a government or the taxing authority imposes it levels a tax on its citizen and business entities. Form income tax to goods and business entities.

The central and state governments play a significant role in determining the taxes in India to streamline the process of taxation and ensure transparency in the country. The government of India rates two types of taxes on the citizens of India – Direct Tax and Indirect Tax.

The act of practice of imposing taxes against any person, property, or activity for the support of government is called taxation. A tax is a financial charge imposed by a state or functional bodies governing a state. Funds are generated through taxation, and then, states or other governing bodies perform various functions using these funds. These functions include enforcement of law-and-order economic infrastructure, war expenditures, protection of historical properties, and many more Government uses these funds also to operate itself. The fund collected from the public is in the form of money that is invested in public welfare and services. These services include education in school, Colleges, health care system, public transport, and many other services consumed by the public.

India is a well-developed country, which also has a well-developed tax structure. Taxation in India is done through two federal bodies, that is, the State Government and the Central Government. The authority of imposing taxes is distributed between these two bodies. These governing bodies implement taxes according to the provision laid by the Constitution of India. The main taxes that the Contra, Government imposes are income tax, customs duties, central excise, sales tax, and service tax. The taxes that the State Government imposes are stamp duty, state excise, land revenue, and entertainment tax. □ In India, since 1991, the tax system has been undergoing a radical change.

The taxation structure is divided into two categories:

1. Direct taxes
2. Indirect taxes

Direct Tax:

A direct tax is a 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.

A direct tax is levied on individuals and organizations and cannot be shifted to another payer. Often with a direct tax, such as the personal income tax, tax rates increase as the taxpayer's ability to pay increases, resulting in what's called a progressive tax.,

Indirect Tax:

Indirect taxes are usually transferred to another person after being initially charged as a direct tax. Mutual examples of an indirect tax include Goods and Services Tax (GST) and VAT. which is then transferred to the consumers when it is part of the final price of the goods or services, therefor, making it an indirect tax for the consumers.

It is defined as the tax levied not on the incomes, profits or revenue but the goods and services rendered by the taxpayer. Early the list of indirect taxes imposed on taxpayers included serviced tax, sales tax, value added tax (VAT), central excise duty and customs duty. Both indirect taxes are vital components that play an important role in changing the course of the Indian economy.

However, with the implements of goods and services tax (GST) regimes form 01 July 2017, it has replaced all forms of indirect tax imposed on goods and services by the states and central governments.

GST has not only been reduced the physical interfaced but also lower the cost of compliance with the uniforms of the indirect taxes.

GST is known as the goods and services tax. It replaced many indirect taxes in India such as the excised duty, VAT, services tax, etc

Indirect tax is something that a manufacturing pays to the Governments of his country.

Indirect tax is applied by the governments of India.

History Of GST:

On 1st July 2017, the Goods and Services Tax implemented in India. But, the process of implementing the new tax regime commenced a long time ago. In 2000, Atal Bihari Vajpayee, then Prime Minister of India, set up a committee to draft the GST law. In 2004, a task force concluded that the new tax structure should put in place to enhance the tax regime at the time. In 2006, Finance Minister proposed the introduction of GST from 1st April 2010 and in 2011 the Constitution Amendment Bill passed to enable the introduction of the GST law. In 2012, the Standing Committee started discussions about GST, and tabled its report on GST a year later. In 2014, the new Finance Minister at the time, Arun Jaitley, reintroduced the GST bill in Parliament and passed the bill in Lok Sabha in 2015. Yet, the implementation of the law delayed as it was not passed in Rajya Sabha.

GST went live in 2016, and the amended model GST law passed in both the house. The

President of India also gave assent. In 2017 the passing of 4 supplementary GST Bills in Lok Sabha as well as the approval of the same by the Cabinet. Rajya Sabha then passed 4 supplementary GST Bills and the new tax regime implemented on 1st July 2017.

Important points of GST:

- The Goods and Services Tax (GST) was first implemented in France.
- India's GST is based on the Canadian model.
- GST in India was made on the recommendation of Vijay Kelkar Committee.
- GST in India was implemented on July 1, 2017
- The first state which implemented the GST was Assam.
- Amitabh Bachchan has been made the brand ambassador of GST.
- GST has been implemented under Article 279 of the Indian constitution.
- GST Council was formed by the President of India in September 2016.
- At present Finance Minister Arun Jaitley is the Chairman of the GST Council.
- At present GST Council has 31 members.

- GST has been implemented by the 101st Constitution Amendment Act, 2016.
- The GST was the 122nd constitutional amendment bill to be introduced in the Parliament of India.
- The President of India approved GST bill on 8th September 2016.
- There is a provision of 5 years imprisonment for those who do not pay GST.
- There are 5 rates of taxes in GST i.e., 0%, 5%, 12%, 18% and 28%.
- GST is an indirect tax in more broader terms it can be said a federal tax.
- After the implementation of GST, sales tax, service tax, customs duty, excise duty, VAT, Octroi tax etc. will not exist.
- The biggest reason behind the implementation of the GST is to bring uniformity in the tax system of the country.
- After the implementation of GST, tradition of 'Tax upon Tax' will be eliminated.

4. COMPANY PROFILE: -

R Rattan Garg & Co. is a leading Chartered Accountancy firm, Situated near Mai Asthan Mandir, Damuchak Road, Chhata Chowk, Muzaffarpur, Bihar-842001. It is rendering comprehensive professional services which included Audit, Management consultancy, Tax consultancy, accounting services, Secretarial services, & Investment. It is a professional firm. The team consist of distinguished chartered accountants, corporate financial advisors and tax consultants. The firm represent a combination of specialized skills, which are geared to offer sound financial advice and personalized proactive services. Those associated with the firm have regular interaction with industry and other Professional which enable the firm to keep pace with contemporary development and to meet the needs of its clients.

SERVICES OFFERING BY R Rattan Garg & Co.

A Chartered Accountant (CA) is a highly skilled financial professional who provides a comprehensive range of services to individuals, businesses, and organizations. Their

expertise spans across various financial domains, making them indispensable for ensuring financial health, compliance, and strategic decision-making.

Here's a detailed breakdown of the services provided by a CA, especially in the Indian context:

1. Accounting and Bookkeeping Services:

- **Maintaining Financial Records:** CAs assist businesses in setting up and maintaining accurate and up-to-date financial records, including ledgers, journals, and financial statements.
- **Preparation of Financial Statements:** They prepare essential financial documents such as Profit & Loss (P&L) Statements, Balance Sheets, and Cash Flow Statements, which provide a clear picture of a company's financial performance and position.
- **Payroll Processing:** Many CAs offer payroll services, including calculating salaries, deducting taxes (TDS), provident fund (PF), and Employees' State Insurance (ESI) contributions, and ensuring timely payments and filings.
- **Management of Accounts Payable/Receivable:** They help manage the inflow and outflow of funds, reconciling bank statements and ensuring efficient working capital management.

2. Auditing and Assurance Services:

- **Statutory Audits:** This is a core function of CAs. They conduct independent examinations of financial statements to ensure they are prepared in accordance with accounting standards and legal requirements (like the Companies Act, 2013). This provides credibility and transparency to stakeholders.
- **Tax Audits:** CAs perform tax audits as mandated by the Income Tax Act, 1961, for businesses exceeding certain turnover limits. This involves verifying compliance with tax laws and reporting on various financial aspects for tax purposes.

- **Internal Audits:** They help organizations assess their internal controls, identify risks, improve operational efficiency, and prevent fraud and errors.
- **Forensic Audits:** In cases of suspected financial fraud, embezzlement, or disputes, CAs conduct forensic audits to investigate financial irregularities, trace transactions, and provide expert reports for legal proceedings.
- **Due Diligence:** CAs perform due diligence for mergers, acquisitions, or investments, thoroughly examining the financial health and potential risks of a target company.

3. Taxation Services (Direct & Indirect):

- **Income Tax Planning and Filing:** CAs advise individuals and businesses on tax-saving strategies, help them compute their taxable income, prepare and file income tax returns (ITR), and represent them before tax authorities during assessments or disputes.
- **Goods and Services Tax (GST) Compliance:** With GST being a significant indirect tax in India, CAs provide comprehensive services including GST registration, accurate classification of goods/services, timely filing of GST returns, input tax credit (ITC) reconciliation, and handling GST audits.
- **TDS/TCS Compliance:** They ensure compliance with Tax Deducted at Source (TDS) and Tax Collected at Source (TCS) provisions, including calculation, deduction, deposit, and filing of relevant returns.
- **International Taxation:** For businesses involved in cross-border transactions, CAs advise on international tax treaties, transfer pricing, and foreign collaborations to optimize tax liabilities and ensure compliance.
- **Tax Consultancy:** They offer ongoing advice on various tax matters, helping clients navigate complex tax laws and making informed financial decisions.

4. Business Advisory and Consulting Services:

- **Business Setup and Registration:** CAs assist entrepreneurs with the formation and registration of various business entities like Private Limited Companies, LLPs, Proprietorships, Partnerships, etc., handling all legal and regulatory formalities.
- **Financial Planning and Analysis:** They help businesses develop financial plans, budgets, forecasts, and projections. They analyze financial data to provide insights into performance, profitability, and cost management.
- **Risk Management:** CAs identify potential financial risks for businesses and help devise strategies to mitigate them, contributing to long-term financial stability.
- **Business Valuation:** They provide professional valuation services for businesses, shares, or assets, crucial for mergers, acquisitions, sales, or investment purposes.
- **Management Consultancy:** CAs act as strategic advisors, helping businesses streamline operations, improve efficiency, enhance profitability, develop management information systems (MIS), and make informed decisions on expansion, restructuring, and investment.
- **Loan and Funding Assistance:** They assist businesses in preparing project reports, financial models, and liaising with banks and financial institutions to secure loans and funding.

5. Regulatory Compliance and Secretarial Services:

- **Company Law Compliance:** CAs ensure companies comply with the provisions of the Companies Act, 2013, including filing annual returns with the Registrar of Companies (ROC), maintaining statutory records, and conducting board meetings.
- **Other Regulatory Filings:** They assist with compliance for various other laws and regulations, such as FEMA (Foreign Exchange Management Act) for foreign investments, provident fund (PF), ESI, and other labor laws.

- **Registrations and Licenses:** CAs help businesses obtain necessary licenses and registrations, such as FSSAI (food safety), import-export code (IEC), MSME registration, etc.

In essence, a CA is not just an "accountant" but a multifaceted financial expert and strategic partner who helps individuals and businesses navigate the complexities of financial management, taxation, auditing, and regulatory compliance, ensuring their financial well-being and growth.

GST REGISTRATION: GST registration of business is to enable selling of goods with turnover value beyond a certain limit. Limit may differ from state to state. It is necessary to get GST Input Tax credit Experienced CA firms can ease out the process within reasonable fees.

GST RETURN: -GST Return to be filed on periodic basis by business to provide information about value of turnover & Total GST liability & mode of Payment.

Frequency may differ from state to state. Days will attract penalty.

PROJECT FINANCING: Companies need funds to grow their business.

Experienced CA can prepare project report for loan financing to ensure that you get best eligible amount in the shortest time. Generally, Fees are charged as percentage for financed amount. Experienced CA Firms can ensure compliance with reasonable fees.

3. UNDERSTANDING THE TAX ECOSYSTEM:

The "tax ecosystem" refers to the entire interconnected network of elements that work together to make a country's tax system function. It's much more than just the laws themselves; it encompasses all the players, processes, technologies, and interactions involved in how taxes are collected, managed, and utilized.

Understanding the tax ecosystem involves recognizing its various components and how they influence each other:

Key Components of the Tax Ecosystem:

1. Government (Tax Authorities and Policymakers):

- **Policymaking:** The government (legislature and executive) is responsible for enacting tax laws, setting tax rates, defining taxable events, and establishing tax policies. This includes deciding on direct and indirect taxes, exemptions, and incentives.
- **Administration and Enforcement:** Tax authorities (like the Income Tax Department and CBIC in India) are responsible for implementing tax laws, collecting taxes, processing returns, conducting audits, issuing refunds, and taking action against non-compliance.
- **Utilization of Revenue:** The government allocates collected tax revenue to fund public services, infrastructure projects, social welfare programs, defense, and other government expenditures, which ultimately benefit the citizens.

2. Taxpayers (Individuals and Businesses):

- **Individuals:** Every citizen who earns income, consumes goods/services, or owns assets is a potential taxpayer. Their role involves understanding their tax obligations, accurately declaring income/transactions, filing returns on time, and paying taxes due.
- **Businesses (Companies, Firms, MSMEs):** Businesses are critical players, as they not only pay various taxes (corporate tax, GST, TDS, etc.) but also often act as tax collectors (e.g., collecting GST from customers, deducting TDS from payments to others). They are responsible for maintaining proper financial records, complying with all tax regulations, and remitting collected taxes to the government.

3. Tax Professionals and Intermediaries:

- **Chartered Accountants (CAs), Tax Consultants, Lawyers:** These professionals play a crucial role in advising taxpayers on tax planning, compliance, return filing, representation during assessments, and dispute resolution. They act as a bridge between taxpayers and tax authorities, helping to interpret complex laws and ensure accurate compliance.

- **Software Providers:** Companies that develop tax filing software, accounting software, and enterprise resource planning (ERP) systems are increasingly vital. These tools automate calculations, data entry, and return filing, making compliance easier for taxpayers and improving data quality for tax authorities.
- **Banks and Financial Institutions:** They facilitate tax payments, provide financial data to tax authorities (e.g., through TDS statements, Annual Information Statements), and offer various tax-related financial products.

4. Laws, Regulations, and Standards:

- **Tax Statutes:** The core of the ecosystem are the specific laws (e.g., Income Tax Act, GST Acts in India) that define tax liabilities, rates, and procedures.
- **Rules and Notifications:** Detailed rules and frequent notifications issued by tax authorities provide clarity on the implementation of the laws.
- **Accounting Standards:** These standards (like Indian Accounting Standards - Ind AS, or IFRS) govern how financial information is recorded and presented, which directly impacts tax computations.
- **Case Laws and Judicial Precedents:** Decisions from courts and tribunals interpret tax laws and set precedents, guiding future tax treatments and resolving disputes.

5. Technology and Digital Infrastructure:

- **E-filing Portals:** Online platforms for filing tax returns (e.g., Income Tax e-filing portal, GSTN portal) have revolutionized tax administration, making it more efficient and accessible.
- **Data Analytics and AI:** Tax authorities increasingly use data analytics and artificial intelligence to identify non-compliance, detect fraud, and streamline risk assessments.
- **Blockchain and Other Emerging Technologies:** These technologies hold potential for enhancing transparency, security, and traceability of financial transactions, further impacting tax compliance and administration in the future.

- Pre-filled Returns and Automated Processing: Innovations like pre-filled tax returns and automated refund processing significantly reduce manual errors and processing times.

How the Tax Ecosystem Functions:

The various components interact in a continuous cycle:

- Legislation: The government enacts tax laws.
- Compliance: Taxpayers, with the help of tax professionals and software, comply with these laws by calculating their tax liabilities, maintaining records, and filing returns.
- Collection: Tax authorities collect the due taxes.
- Enforcement: Tax authorities ensure compliance through audits and penalties for non-compliance.
- Utilization: The collected revenue funds public services, completing the cycle.
- Feedback and Reforms: Experiences of taxpayers and tax authorities, along with economic and social changes, provide feedback that leads to tax reforms and amendments to laws, continuously evolving the ecosystem.

Importance of Understanding the Tax Ecosystem:

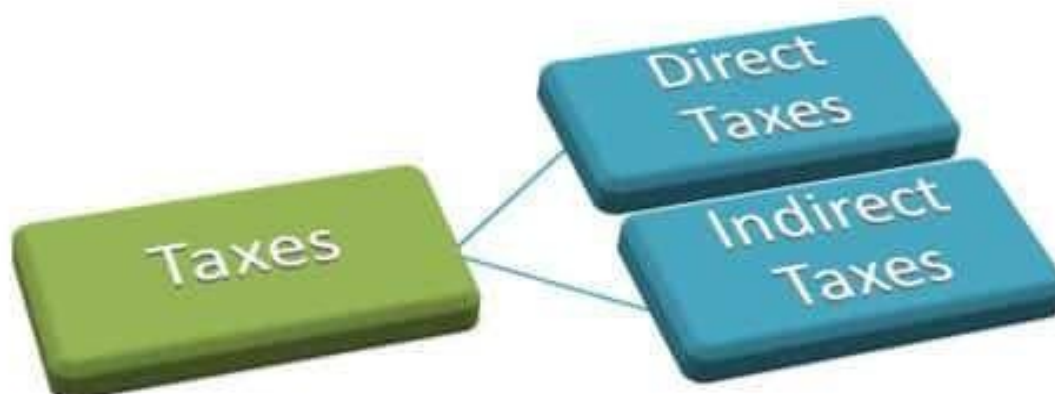
A clear understanding of the tax ecosystem is crucial for:

- Effective Policymaking: Governments can design more efficient and equitable tax systems.
- Enhanced Compliance: Taxpayers can better understand their obligations, leading to higher compliance rates and reduced litigation.
- Economic Stability: A well-functioning tax ecosystem contributes to stable government revenue, which is essential for economic growth and public service delivery.
- Transparency and Trust: Digitalization and clear processes foster transparency, building trust between taxpayers and the government.

- **Adapting to Global Trends:** The tax ecosystem is constantly evolving due to globalization, digitalization, and international tax cooperation (e.g., OECD's BEPS initiative). Understanding these dynamics is vital for staying competitive and preventing illicit financial flows.

In essence, the tax ecosystem is a dynamic and complex system that requires continuous adaptation, collaboration, and leveraging of technology to achieve its primary goals of revenue generation, wealth redistribution, and behavioral influence for societal benefit.

TYPES OF TAXATIONS STRUCTURES IN INDIA:



What is a Direct Tax?

Direct taxes are the taxes that are levied on the income and resources of individuals or organizations. Normally, they are levied on wealth or income through income tax, corporate tax, capital gains tax, and inheritance tax. Personal income tax is imposed by the Central Government and governed by the Central Board of Direct Taxes under the Ministry of Finance. The income tax is charged by the government according to the individual's income. For example, if a person earns Rs. 2,00,000 per annum and the income tax on it is 1 percent, then

the taxable amount is 20 percent of Rs. 2,00,000. The amount to be paid to the government is thus Rs. 40,000.

A direct tax is a 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.

Direct taxes, usually charged on a person's income are paid directly by taxpayers or an organization to tax authorities of the Government of India. The person or the association in question cannot transfer this type of tax to another person or entity for payment. Some of the examples of direct tax include income tax and corporate tax in India.

TYPES OF DIRECT TAXES IN INDIA

- ☐ CORPORATE TAX
- ☐ INCOME TAX
- ☐ CAPITAL GAIN TAX

• CORPORATE TAX

Under the Indian Income Tax Act, 1961, both Indian as well as foreign organization are liable to pay taxes to the government of India. The corporate tax is charged on the net profit of domestic firms. Also, foreign corporations whose profits appear or are deemed to emerge through their operations in India are similarly liable to pay taxes to the Government of India. The income of a company, remain it in the form of dividends, interest and royalties, is also taxable.

At present, companies having gross turnover up to Rs.250 crore are responsible to pay corporate tax at 25% of the net profit even though companies with a gross turnover of morethanRs.250 crore are responsible to pay the corporate tax at 30%.

• INCOME TAX

Income tax is maybe the most well-known direct tax imposed by the government on annual income generated by businesses and individuals. The income tax on income generated by the business houses is called as Corporate Tax. Income tax is calculated as per the provisions of Income Tax Act, 1961 and is directly paid to the central government on a yearly basis. The income tax rate depends on the net taxable income or the tax brace. Income tax policy deducted in the form of TDS (tax deducted at source) in case of salaried employees. However, in case of self-employed individuals, the tax is payable on the base of declared income as per their Income Tax Return submission. ITR is basically a statement of income and the tax liability (on the basis of income declared) which is submitted to the Income Tax Department in the arranged format.

• CAPITAL GAINS TAX

The capital assets of every person refer to anything owned for personal use or for the purpose of an investment. For businesses, the capital asset is anything that can be used for more than a year and is not future to be sold or liquidated during the course of business operation. Machinery, cars, buildings, shares, bonds, art, businesses and farms are some of the examples of capital assets. The capital gains tax is executed on the income derived from the sale of investments or assets. On the basis of the holding period, capital tax is characterized under short-term gains and long-term gains.

Calculated the capital gains by this formula: - Capital Gains = Sale Value – Purchase Value

What is Indirect Tax?

Indirect tax is the tax imposed by the government on a taxpayer for goods and services bought. Indirect tax is not levied on the income of the taxpayer and can be passed on from one individual to another. Examples of indirect taxes include sales tax, entertainment tax, excise duty, etc. These are levied on the sellers of goods or the providers of service, where it is passed

on to the end consumer in the form of service tax, excise duty, entertainment tax, custom duty etc.

Indirect tax is something that a manufacturer paying to the Government of his country. The load of tax payment is on end consumer as they are the ones purchasing the products. Unlike, direct taxes, these are charged on materialistic goods.

Indirect tax is at that can be passed on to another individual or thing. Indirect tax is generally executed on suppliers or manufacturers who pass it on to the final consumer. Excise duty, customs duty, and Value-Added Tax (VAT) these are examples of Indirect taxes.

Indirect taxes are the taxes that are collected by an intermediary body from a person who put up with the ultimate economic burden of the tax, such as a consumer or a customer. This tax is not imposed on an; person or organization. Rather, it is levied on goods or services. Indirect taxes include taxes such as sales tax, value-added tax, service tax, entertainment tax, fringe benefit tax, and food tax

TYPES OF INDIRECT TAX:

There are different types of indirect tax in India. But, after the implementation of GST, all these indirect taxes were bundled into one singular tax for the citizens of India. We will take a look at the different types of indirect tax in India:

- ☐ SALES TAX
- ☐ SERVICE TAX
- ☐ EXCISE TAX
- ☐ VALUE TAX
- ☐ CUSTOM DUTY
- ☐ STAMP DUTY

SALES TAX:

Sales tax is a tax charged at the point of purchase for certain goods and services. It is an important source of revenue of the states. It is levied on all sales of goods. It is the liability of the seller who recovers this from the buyers. Each state has its own sales tax act under which the sales tax is imposed at different rates. Retail organizations contend that such taxes

discourage retail sales. The retailer generally sells the goods on fluctuating rates to gain the benefits and meet his liability. For example, if a retailer purchases a product of Rs. 100 and the government has imposed tax of 4% on it, then the retailer has to pay Rs. 104 in total.

Sales Tax (VAT) Example on Petrol in Bihar:

Let's assume a petrol pump in Khagaria, Bihar, sells petrol to a customer.

Assumptions (Illustrative figures, actual rates are subject to change by the Bihar government and central government):

- **Base Price of Petrol (Ex-depot price for the dealer, includes central excise duty):** ₹75 per liter (This is a simplified figure for illustrative purposes, assuming Central Excise Duty has already been added by the oil companies)
- **Dealer's Commission/Margin:** ₹3 per liter
- **Bihar State's VAT Rate on Petrol:** This can be a complex calculation involving different components and percentages. For simplicity, let's assume an effective **Bihar VAT rate of 25%** on the price that includes base price and dealer's commission.
- **Other State Levies/Cess:** ₹2 per liter

Calculation of the Retail Selling Price (RSP) of Petrol per Liter:

1. **Base Price + Central Excise (assumed to be included):** ₹75.00
2. **Add Dealer's Commission/Margin:** ₹3.00
 - **Subtotal before State VAT:** ₹75.00 + ₹3.00 = ₹78.00
3. **Calculate Bihar VAT (25% on the subtotal):**
 - VAT Amount = 25% of ₹78.00
 - VAT Amount = $(25 / 100) * 78.00 = ₹19.50$

4. Add Other State Levies/Cess: ₹2.00

Total Retail Selling Price (RSP) per Liter: $RSP = (\text{Base Price} + \text{Central Excise}) + \text{Dealer's Margin} + \text{Bihar VAT} + \text{Other State Levies}$
 $RSP = ₹75.00 + ₹3.00 + ₹19.50 + ₹2.00$ **RSP = ₹99.50 per liter**

Explanation:

In this example, the **₹19.50** is the "sales tax" (specifically, VAT) component levied by the Bihar State Government on each liter of petrol. This tax, along with the Central Excise Duty and dealer's margin, makes up the final price that the consumer pays at the petrol pump.

Why is it still called VAT and not Sales Tax for these products?

While it functions like a sales tax in that it's applied at the point of sale to the final consumer, it retains the "Value Added Tax" nomenclature because, in principle, it can involve a limited form of input tax credit for registered dealers at certain stages before the final retail sale, preventing some cascading effects. However, for the general consumer, it effectively acts as a sales tax.

SERVICE TAX:

Service tax is an indirect tax imposed on specified services. It was introduced in India for the first time in 1994. It is imposed at an interest of 5 percent on commissions and brokerage fees charges by stockbrokers, the gross amount of telephone bills, and premium insurance.

Service tax, as a separate tax, was abolished in India on July 1, 2017, with the implementation of the Goods and Services Tax (GST). GST subsumed various indirect taxes, including Service Tax, Central Excise Duty, and Value Added Tax (VAT), into a single, comprehensive tax system.

Therefore, strictly speaking, there are no "Service Tax examples" that are currently applicable for transactions happening today in India. Instead, services are now subject to **GST**.

However, to understand what Service Tax *was* and how it worked, here's a **historical example** based on the rates and rules that were in place just before GST was implemented (i.e., until June 30, 2017).

Historical Service Tax Example (Pre-GST Era):

Let's imagine a scenario where a marketing consultant in Khagaria, Bihar, provided services to a client.

Scenario (applicable until June 30, 2017):

- **Service Provided:** Marketing Consultation
- **Value of Service (Consultation Fee):** ₹1,00,000
- **Applicable Service Tax Rate (effective from June 1, 2016, until GST):** 15% (This included 14% Service Tax + 0.5% Swachh Bharat Cess + 0.5% Krishi Kalyan Cess)

Calculation of Service Tax:

1. Calculate Service Tax on the Value of Service:

- Service Tax Amount = 15% of ₹1,00,000
- Service Tax Amount = $(15 / 100) * 1,00,000$
- **Service Tax Amount = ₹15,000**

Total Amount Billed to the Client:

- Total Bill = Consultation Fee + Service Tax
- Total Bill = ₹1,00,000 + ₹15,000
- **Total Bill = ₹1,15,000**

Explanation:

In this pre-GST scenario, the marketing consultant would have charged the client ₹1,15,000. Out of this, ₹15,000 would be the Service Tax collected from the client, which the consultant would then deposit with the Central Government. The burden of the tax ultimately fell on the recipient of the service (the client).

Current Scenario (Post-GST):

Now, if the same marketing consultant provides the same service, the tax levied would be GST.

Scenario (Current - Post-GST, as of July 15, 2025):

- **Service Provided:** Marketing Consultation
- **Value of Service (Consultation Fee):** ₹1,00,000

- **Applicable GST Rate for Consulting Services (typically 18%):** 18% (This rate is divided into CGST and SGST for intra-state supplies, or IGST for inter-state supplies).

Calculation of GST (assuming intra-state supply, i.e., both consultant and client are in Bihar):

1. Calculate CGST (Central Goods and Services Tax):

- $\text{CGST} = 9\% \text{ of } ₹1,00,000$
- $\text{CGST} = (9 / 100) * 1,00,000 = ₹9,000$

2. Calculate SGST (State Goods and Services Tax - for Bihar):

- $\text{SGST} = 9\% \text{ of } ₹1,00,000$
- $\text{SGST} = (9 / 100) * 1,00,000 = ₹9,000$

Total Amount Billed to the Client (under GST):

- $\text{Total Bill} = \text{Consultation Fee} + \text{CGST} + \text{SGST}$
- $\text{Total Bill} = ₹1,00,000 + ₹9,000 + ₹9,000$
- **Total Bill = ₹1,18,000**

Key Difference (Service Tax vs. GST):

- **Subsumption:** GST replaced Service Tax and several other indirect taxes.
- **Tax on Value Addition:** GST is levied on the "supply" of goods and services at each stage of the supply chain, with provisions for **Input Tax Credit (ITC)**. This means businesses can claim credit for the GST paid on their inputs (purchases) against their GST liability on outputs (sales), thereby avoiding the cascading effect of taxes. Service Tax did not have as comprehensive an input tax credit mechanism across goods and services.
- **Uniformity:** GST aims for a more uniform tax structure across states for most goods and services, reducing variations seen in the pre-GST regime (though different GST slabs still exist).

So, while the term "Service Tax" is no longer applicable for new transactions, the underlying concept of taxing services has evolved into the GST framework.

EXCISE DUTY:

When any type product or good is manufactured by a company in India, then the tax charged on those goods is called the Excise Duty. The manufacturing company pays the tax on the goods and in turn recover the amount from their clients.

Example: State Excise Duty on Alcohol

In Bihar, there is a **complete prohibition on alcohol for human consumption** since 2016. This means the manufacture, sale, storage, and consumption of alcohol are banned. Therefore, **there is no excise duty levied on alcohol for human consumption within Bihar** under normal circumstances, as its trade is prohibited.

However, for a broader understanding of excise duty on alcohol, let's consider an example from a state where alcohol sale is legal, like **Maharashtra**, as of July 2025.

Scenario: A distillery manufactures 1,000 liters of Indian-Made Foreign Liquor (IMFL) in Maharashtra.

Assumptions (Illustrative Figures - actual rates are complex and vary by alcohol type, strength, and state policy):

- **Quantity of IMFL manufactured:** 1,000 liters
- **Maharashtra State Excise Duty Rate on this type of IMFL:** ₹150 per liter (This is a highly simplified and illustrative rate. Actual rates are determined by the State Excise Department and can be complex, involving different duties, fees, and levies based on alcohol content, brand, etc.)

Calculation of State Excise Duty:

- Total Excise Duty = Quantity Manufactured * Excise Duty Rate per liter
- Total Excise Duty = 1,000 liters * ₹150/liter
- **Total Excise Duty = ₹1,50,000**

Explanation: This ₹1,50,000 is the excise duty the distillery would pay to the Maharashtra State Government for manufacturing these 1,000 liters of IMFL. This cost is then factored into

the wholesale price of the liquor, which further gets marked up with VAT (as alcohol is still under VAT) and dealer margins before it reaches the final consumer.

VALUE TAX:

VAT stands for value-added tax. It is a consumption tax that is assessed on the value added to goods and services. VAT is applied to all the commercial activities involved in the production and distribution of goods and the provision of services. We call it a consumption tax because it is borne by the consumer who is at the final stage of supply chain management system. It is a multistage tax, and is levied only on value added at each stage in supply chain management system. VAT is an indirect tax, in which the tax is collected from someone who is not the one that actually bears the cost of the tax. VAT is charged as a tax burden that is actually visible at each and every stage in the supply chain management system.

In India, the Value Added Tax (VAT) system was largely subsumed by the **Goods and Services Tax (GST)**, which was implemented on July 1, 2017. GST is a unified consumption tax levied on the supply of goods and services.

However, VAT still applies to a few specific products that are currently outside the ambit of GST. These primarily include:

- **Alcohol for human consumption**
- **Petroleum crude, High-Speed Diesel (HSD), Motor Spirit (petrol), Natural Gas, and Aviation Turbine Fuel (ATF).**

For these products, individual states continue to levy VAT as per their own state laws. This means the rates and regulations for VAT on these specific items can vary from state to state.

Let's illustrate a **VAT example** with a hypothetical scenario for an item that still attracts VAT in Bihar, like **petrol**.

Scenario: A petrol pump in Khagaria, Bihar, sells petrol to a customer.

Assumptions for this example (these figures are purely illustrative and actual rates can vary based on state policies and market conditions):

- **Base Price of Petrol (Ex-depot price for the dealer):** ₹50 per liter
- **Bihar State's VAT Rate on Petrol:** 20%
- **Dealer's Margin:** ₹3 per liter (This is also illustrative)
- **Central Excise Duty (now subsumed under GST for most goods, but still applicable to petrol):** ₹20 per liter (Illustrative)
- **Road Cess/Other Levies (State/Central):** ₹5 per liter (Illustrative)

Calculation of the Retail Selling Price of Petrol (Illustrative):

1. **Base Price of Petrol:** ₹50.00
2. **Add Central Excise Duty:** ₹20.00
 - **Subtotal (before VAT and dealer margin):** ₹70.00
3. **Add Dealer's Margin:** ₹3.00
 - **Subtotal (before VAT):** ₹73.00
4. **Calculate Bihar VAT (20% on the subtotal before VAT and other state levies):**
 - VAT Amount = 20% of ₹73.00
 - VAT Amount = $(20 / 100) * 73.00 = ₹14.60$
5. **Add Road Cess/Other Levies (State/Central):** ₹5.00

Total Retail Selling Price (RSP) per Liter: $RSP = \text{Base Price} + \text{Central Excise Duty} + \text{Dealer's Margin} + \text{VAT} + \text{Other Levies}$
 $RSP = ₹50.00 + ₹20.00 + ₹3.00 + ₹14.60 + ₹5.00$ **RSP = ₹92.60 per liter**

Explanation of VAT in this context:

In this example, the VAT of ₹14.60 is added by the state government (Bihar) on top of the price that includes the base cost, central excise duty, and the dealer's margin. This is then passed on to the final consumer.

Key Difference with GST:

Under the old VAT regime for most goods, businesses would pay VAT on their purchases (input tax) and collect VAT on their sales (output tax), remitting only the difference to the government. This mechanism allowed for **input tax credit**, preventing a "cascading effect" (tax on tax).

While the principle of input tax credit broadly applies to the remaining VAT-taxable goods (like petrol for certain business uses), the current scenario with petroleum products involves both central excise duty and state VAT, making the final price subject to multiple layers of taxation that can still lead to some cascading effects before reaching the final consumer.

CUSTOM DUTY:

This is a tax charged on the goods imported to India. Sometimes, Customs Duty is also charged on products which are exported out of India.

Customs duty in India is a tax levied on goods imported into the country, and in some specific cases, on exports. It's a crucial component of India's trade policy, serving multiple purposes:

- **Revenue Generation:** It's a significant source of income for the government.
- **Protection of Domestic Industries:** By making imported goods more expensive, it helps local industries compete.
- **Regulation of Trade:** It allows the government to control the flow of specific goods in and out of the country, ensuring compliance with laws and treaties.
- **Prevention of Illegal Trade:** Duties and regulations help deter smuggling and the import/export of prohibited items.

STAMP DUTY:

This is a tax charged on the transfer of any immovable property in a state of India. The state government in whose state the property is positioned charges this type of tax. Stamp tax is as well applicable on all legal documents too.

Factors Affecting Stamp Duty:

Before we dive into the example, it's important to understand the factors that influence stamp duty:

- **Property Value:** This is usually the higher of the property's market value or the circle rate (government-assessed minimum value).
- **Location:** Stamp duty rates vary significantly from state to state, and even within different areas (urban/rural) of the same state.
- **Type of Property:** Residential, commercial, or agricultural properties often have different rates.
- **Gender of the Buyer:** Many states, including Bihar, offer concessions (lower rates) for female buyers to encourage property ownership among women.
- **Type of Deed:** The stamp duty also depends on the type of legal document being registered (e.g., Sale Deed, Gift Deed, Lease Deed, etc.).

Stamp Duty Example (Bihar, India):

Let's consider a scenario for buying a residential flat in Patna, Bihar.

Scenario:

- **Property Value (Sale Consideration/Market Value):** ₹50,00,000 (Rupees Fifty Lakhs)
- **Buyer:**
 - **Case 1: Male Buyer**
 - **Case 2: Female Buyer**
- **Deed Type:** Sale Deed / Conveyance Deed

Current Stamp Duty and Registration Charges in Bihar (approximate as of July 2025 - these rates can change, always verify with official sources):

- **Male Buyer:**
 - Stamp Duty: 6.3% of property value

- Registration Charge: 2.1% of property value

- **Female Buyer:**

- Stamp Duty: 5.7% of property value
- Registration Charge: 1.9% of property value

Calculations:

Case 1: Male Buyer

1. Calculate Stamp Duty:

- Stamp Duty = 6.3% of ₹50,00,000
- Stamp Duty = $(6.3 / 100) * 50,00,000$
- **Stamp Duty = ₹3,15,000**

2. Calculate Registration Charge:

- Registration Charge = 2.1% of ₹50,00,000
- Registration Charge = $(2.1 / 100) * 50,00,000$
- **Registration Charge = ₹1,05,000**

3. Total Payable (Male Buyer):

- Total = Stamp Duty + Registration Charge
- Total = ₹3,15,000 + ₹1,05,000
- **Total = ₹4,20,000**

Case 2: Female Buyer

1. Calculate Stamp Duty:

- Stamp Duty = 5.7% of ₹50,00,000
- Stamp Duty = $(5.7 / 100) * 50,00,000$
- **Stamp Duty = ₹2,85,000**

2. Calculate Registration Charge:

- Registration Charge = 1.9% of ₹50,00,000
- Registration Charge = $(1.9 / 100) * 50,00,000$
- **Registration Charge = ₹95,000**

3. Total Payable (Female Buyer):

- Total = Stamp Duty + Registration Charge
- Total = ₹2,85,000 + ₹95,000
- **Total = ₹3,80,000**

ENTERTAINMENT TAX:

Entertainment tax is a tax that is imposed on entertainment. In India, this tax is levied on entertainment services like movie tickets, commercial shows in large scale, and some private festival celebrations.

Entertainment tax is charged by the state government and is applicable on any products or transactions related to entertainment. Buying of any video games, movie shows, sports activities, arcades, amusement parks, etc. are some of the products on which Entertainment Tax is charged.

Example of Entertainment Tax (Before GST):

Imagine you wanted to watch a movie in a cinema hall in **Bihar** (where Khagaria is located) before July 2017.

Let's say the base price of a movie ticket was **₹100**.

1. State Entertainment Tax: Before GST, Bihar had an Entertainment Tax rate of **50%**.

- So, on a ₹100 ticket, the Entertainment Tax would be **₹50** (50% of ₹100). This tax was directly added to the ticket price.

2. **Service Tax (Central Government):** In addition to the state-level Entertainment Tax, the central government also levied **Service Tax** on various services. Cinema services often attracted Service Tax. Let's assume a Service Tax rate of 15% (which was common).

- So, on the ₹100 ticket, Service Tax would be **₹15** (15% of ₹100).

3. **VAT (Value Added Tax) on Food/Beverages:** If you bought popcorn or a cold drink at the cinema, that would be subject to **VAT** (Value Added Tax), which was another state-level tax. The rate would vary by state and item (e.g., 5% to 20%).

The Final Ticket Cost (Hypothetical, simplified example before GST):

- Base Ticket Price: ₹100
- State Entertainment Tax (Bihar @ 50%): +₹50
- Central Service Tax (e.g., @ 15%): +₹15
- **Total you pay for the ticket: ₹165** (plus any local surcharges or convenience fees)

Key Characteristics Highlighted by this Example:

- **Multiplicity of Taxes:** You can see how multiple taxes (state Entertainment Tax, central Service Tax) were applied to the same service.
- **Varying Rates:** The Entertainment Tax rate was **different from state to state**. Bihar's 50% was quite high compared to some other states that had 20% or even 0% for certain types of entertainment or regional films. This meant a movie ticket for the same film could cost vastly different amounts across state borders.
- **Indirect Nature:** The tax was not paid directly by the cinema hall (the service provider) as a profit tax; instead, it was **collected by the cinema hall from the customer** and then passed on to the government. This is why it's an "indirect tax."
- **Compliance Complexity:** For a large cinema chain operating across multiple states, they had to deal with different Entertainment Tax laws, different rates, and different collection authorities in each state, adding to their administrative burden.

After GST:

With the implementation of GST, the state-level Entertainment Tax (along with Service Tax and VAT) was largely **subsumed into GST**. Now, a movie ticket is primarily subject to GST. For tickets costing above ₹100, the GST rate is typically 18% (as of current rules, though it has varied). This has aimed to simplify the tax structure for the entertainment industry across India.

4. INCOME TAX RETURN SUPPORT:

Income Tax Return (ITR) support is a crucial service provided by Chartered Accountants (CAs) to individuals and businesses. The Indian tax system is complex and constantly evolving, making it challenging for laypersons to navigate without professional help. CA support ensures accuracy, compliance, and helps taxpayers optimize their tax liabilities.

Here's a detailed look at the income tax return support services provided by CAs:

1. Understanding Tax Obligations and Choosing the Right ITR Form:

- **Assessment of Income Sources:** CAs first analyze all sources of income (salary, business/profession, house property, capital gains, other sources like interest, dividends, etc.) for the individual or business.
- **Determining Residential Status:** They help determine the residential status (Resident, Non-Resident, Resident but Not Ordinarily Resident) which significantly impacts taxability, especially for those with international income or assets.
- **Selection of Correct ITR Form:** Based on the income sources, nature of income, and residential status, CAs accurately identify the appropriate ITR form (ITR-1, ITR-2, ITR-3, ITR-4, etc.) to be filed, preventing errors that could lead to notices.

2. Data Compilation and Preparation:

- **Gathering Necessary Documents:** CAs guide clients on all documents required for ITR filing, such as Form 16 (for salaried individuals), Form 16A/16B/16C, Form 26AS, Annual Information Statement (AIS), Taxpayer Information Summary (TIS), bank statements, investment proofs (ELSS, PPF, NPS, life/health insurance), home loan statements, property documents, business ledgers, capital gains statements, etc.
- **Organizing Financial Data:** They help organize and categorize complex financial data, ensuring that all relevant information is captured accurately.
- **Reconciliation of Data:** CAs reconcile data from various sources (e.g., Form 26AS/AIS with actual income and TDS) to identify any discrepancies and address them before filing.

3. Tax Computation and Optimization:

- **Accurate Calculation of Taxable Income:** Based on the collected data, CAs meticulously calculate the gross total income and then the taxable income after considering all applicable deductions and exemptions.
- **Claiming All Eligible Deductions and Exemptions:** This is a major value-add. CAs have in-depth knowledge of various sections under the Income Tax Act (e.g., 80C, 80D, 80G, 80EE, 24, etc.) and ensure that taxpayers claim every eligible deduction and exemption, legally reducing their tax liability. This includes advising on tax-saving investments.
- **Choosing the Right Tax Regime:** With the option of the Old vs. New Tax Regime, CAs help individuals compare both and choose the one that results in lower tax outgo for their specific financial situation.
- **Calculating Tax Payable/Refundable:** They accurately compute the final tax payable or the refund due, taking into account advance tax paid, TDS, TCS, and self-assessment tax.

4. E-Filing of Income Tax Returns:

- **Preparation of the ITR Form:** CAs use specialized software to prepare the ITR form with all the computed details.
- **Online Filing:** They electronically file the income tax return on the Income Tax Department's e-filing portal on behalf of the client (after obtaining proper authorization).
- **Verification of ITR:** They guide the client on how to verify the ITR (e.g., through Aadhaar OTP, Net Banking, EVC through Bank Account, or sending ITR-V to CPC), which is a crucial step for the return to be processed.

5. Post-Filing Support:

- **Assistance with ITR-V Processing:** CAs track the status of the filed return and assist if there are any issues with the processing of ITR-V (Acknowledgement Form).
- **Refund Tracking and Assistance:** If a refund is due, they help track its status and assist in resolving any issues that might delay the refund.
- **Responding to Income Tax Notices:** One of the most critical services is handling income tax notices (e.g., for scrutiny, mismatch, non-filing). CAs analyze the notice, prepare a proper response with supporting documentation, and represent the client before tax authorities if required. This can save taxpayers from significant penalties and legal hassles.
- **Rectification of Returns:** If an error is discovered after filing, CAs can help in filing a revised return or a rectification request to correct the mistake.
- **Carry Forward of Losses:** For businesses or individuals with capital losses, CAs ensure that these losses are correctly reported and carried forward to future years to set off against future gains.

6. Proactive Tax Planning for the Future:

- **Advisory on Investment Opportunities:** Beyond just filing, CAs provide strategic advice on tax-efficient investments and financial products for the upcoming financial year, helping clients plan for future tax savings.

- **Guidance on Financial Restructuring:** For businesses, they can advise on how to structure transactions or operations to be more tax-efficient.

In essence, ITR support from a CA provides peace of mind, ensures compliance with complex tax laws, maximizes tax savings, and offers crucial assistance in case of any queries or notices from the tax department. It transforms what can be a stressful annual obligation into a smooth and strategic financial process.

5. THEORETICAL FRAMEWORK:

This part of the report explains the main ideas and rules behind the work I did at R. Rattan Garg & Co. It helps to understand why we do things a certain way in taxes and what a CA's job really means.

5.1. How Taxes Work in India:

Imagine a big machine that helps run the country – that's our tax system.

- **Why Taxes?** Governments collect taxes to pay for things we all use, like roads, schools, hospitals, and defense. It's how everyone chips in.
- **Two Main Types of Taxes:**
 - **Direct Taxes (like Income Tax):** This is tax taken directly from a person's income (like your salary) or a company's profits. The government's rulebook for this is called the "Income Tax Act."
 - **Indirect Taxes (like GST):** This is tax added to the price of things you buy or services you use (like when you buy clothes or pay for a haircut). The rulebook for this is called "GST Laws." It replaced many old taxes to make things simpler.
- **Who's Involved:**
 - **The Government:** They make the tax rules and collect the money.
 - **Us (Taxpayers):** We follow the rules and pay the taxes.
 - **CAs (like R. Rattan Garg):** They are the experts who help us understand the rules and make sure we follow them correctly.

- **Computers/Technology:** Websites and software help us file taxes quickly and efficiently.

5.2. What a CA's Job Is (The Expert's Role):

A Chartered Accountant (CA) isn't just someone who counts money. They are like financial doctors and legal guides.

- **Being Honest and Skilled:** CAs have to follow strict rules to be honest, keep client information private, and be very good at their job. This is important for trust.
- **Following the Law:** Laws say that for certain big tax matters, only a CA can check the books or file certain reports.
- **Helping with Rules and Advice:**
 - **Following Rules:** A big part of a CA's job is making sure people and companies follow all the tax rules correctly and on time.
 - **Giving Advice:** They also advise people on how to pay less tax legally (called "tax planning") and help them if the tax department asks questions.

5.3. How These Ideas Apply to Helping with Income Tax Returns:

At R. Rattan Garg, a lot of my work was helping people fill out their Income Tax Returns (ITR). Here's how the big ideas and rules explained *what* I did:

- **Understanding Where Money Comes From (Heads of Income):**
 - **The Big Idea:** The tax rules say that all money you earn has to fit into one of five "buckets" (like Salary, House Rent Income, Business Profits, etc.). This helps the government keep track.
 - **My Work:** When I helped a salaried person, I looked at their "Form 16" (a salary statement). This is where their money falls into the "Salary" bucket. I had to know what counts as "salary" according to the tax rules.

- **Using Tax Breaks (Deductions):**

- **The Big Idea:** The government *wants* us to save money, buy health insurance, or do certain things. So, they have special rules that let us *reduce* the income we pay tax on if we do these things. These are called "deductions" (like under Section 80C for savings). The idea is to encourage good habits.
- **My Work:** I checked all the papers (like bank statements for investments or health insurance bills) to make sure clients claimed every single tax break they were allowed. This helped them pay less tax legally, because I knew the rules for each deduction.

- **Tax Taken Out Early (TDS - Tax Deducted at Source):**

- **The Big Idea:** Imagine paying your yearly electricity bill in small chunks every month instead of one big payment. TDS is like that for taxes. The government asks employers or others paying you money to take out a small portion of tax *before* they pay you. This ensures the government gets money throughout the year.
- **My Work:** I had to match the tax already taken out (shown on "Form 26AS" or "AIS") with the total tax calculated. If there was a mismatch, I had to understand *why* according to the TDS rules and help fix it.

- **Filing the Form Online (E-Filing):**

- **The Big Idea:** The government wants to make tax filing easy and fast, and save paper. So, they created different online forms (like "ITR-1" for simple salaries) and websites for electronic filing.
- **My Work:** I used these online tools and forms to put all the client's information in and send it to the tax department. Knowing which form to use was based on the tax rules.

6. KEY LEARNING & OBSERVATIONS:

My 15-day internship at R. Rattan Garg & Co., under the expert guidance of CA R. Rattan Garg, was far more than just a short training period; it was an incredibly enriching journey into the practical heart of taxation, accounting, and financial management. This intense, hands-on experience served as a crucial bridge, connecting the theories I've studied in books to the dynamic realities of a professional Chartered Accountant's office. Every day brought new insights, solidifying my understanding and sparking a deeper interest in this complex field.

Key Learnings (The Specific Knowledge and Practical Skills I Gained):

1. Demystifying the World of Taxes: Direct and Indirect:

- **Understanding Income Tax (Direct Tax):** I gained a much clearer picture of what "Income Tax" truly means. I learned that it's the tax individuals and companies pay directly from the money they earn (like salary or business profits). I saw how CAs meticulously calculate this tax. The most fascinating part was learning how to identify and apply various "deductions" – these are special allowances from the government that can reduce the amount of income on which tax is paid. For instance, I learned how saving money in certain ways or paying for health insurance can legally lower a person's tax bill. It felt like learning how to find "financial discounts" for clients, which is a powerful skill.
- **Grasping GST (Indirect Tax):** I got a practical introduction to the Goods and Services Tax (GST), which is like the big sales tax in India. I understood that GST is added to the price of almost everything we buy and sell. The key learning here was seeing how businesses collect this tax from their customers and then give it to the government. Crucially, I learned about "Input Tax Credit" (ITC) – this amazing feature allows businesses to get back the GST they paid on their own purchases. This prevents tax from being charged over and over again at different stages, making the system much fairer for everyone.

2. Navigating the Income Tax Return (ITR) Process from Start to Finish:

- **The Full Journey of an ITR:** My biggest hands-on learning involved the entire cycle of preparing and sending a person's yearly Income Tax Return (ITR)

online. This wasn't just about filling a form; it was a systematic process. I learned how to gather all the necessary papers from clients – their salary slips (called Form 16), bank statements, proofs of investments, and even rent receipts. Then, I saw how all these numbers were carefully put into the correct boxes on the ITR form.

- **The Art of Tax Optimization:** This was a standout learning experience. I discovered that preparing an ITR is not just about reporting income; it's about making sure the client pays the absolute minimum legal tax. I carefully observed how CAs examined every detail to ensure that all possible tax savings, allowed by law, were claimed. This involves a deep understanding of the tax rules and how they apply to each client's unique situation.
- **Verifying Every Number (TDS Reconciliation):** I learned the critical importance of checking and matching the tax already deducted from a client's income (known as Tax Deducted at Source or TDS) with what the government's records show (like on Form 26AS or Annual Information Statement - AIS). If these numbers didn't match, it could cause problems, so a lot of careful work went into making sure everything lined up perfectly.

3. Getting Practical with TallyPrime (The Accounting Software):

- **Setting Up a New Business in Tally:** I gained hands-on experience in the very first step of using TallyPrime: creating a new company profile. This included accurately entering the company's full name, address, and crucial details like the state (which affects GST rules) and the start date of its financial year. It was like setting up a brand-new digital ledger book ready for business transactions.
- **Recording Daily Money Movements:** I actively practiced putting in basic financial transactions into Tally. This involved entering details for money received (like customer payments) and money paid out (like office expenses or vendor bills). This practical exercise helped me truly understand how the theoretical rules of accounting (like debits and credits) are applied in a real-world software system, keeping perfect track of all company funds.

4. Developing Essential Professional Habits:

- **Sharpening Attention to Detail:** Working with numbers and legal documents taught me the paramount importance of precision. I quickly realized that even a tiny mistake in a number or a date could lead to big problems or questions from the tax department. This experience significantly sharpened my focus on minute details.
- **Organized Work is Key:** I learned the value of keeping things extremely organized. The firm had clear systems for managing client documents – both physical papers and digital files. This systematic approach meant nothing got lost, and information could be found quickly, which is vital in a busy office.
- **Learning to Communicate Clearly:** I observed how the CAs and other team members spoke to clients. They had a skill for explaining complex tax ideas in simple, easy-to-understand language. Sometimes, I helped by asking clients for missing documents, which taught me the basics of professional and clear communication.

WORK ON TALLY DURING INTERSHIP PROGRAM: -

LEARNING: -

I have done my internship under CA firm where I have to do Tally work on daily basis. Workings like recording ledgers, taxation work learning. Also, I have to show all those work to my CA on daily basis. In 15 days under CA firm financial work has to be done.

I studied a lot of things and gain adequate knowledge about how the CA Firm works. The overall experience working in the CA firm was overall good.

Brief Introduction to Tally Software

Tally ERP 9 is an Accounting Software designed and developed by the Tally Solutions Private Limited, a Bangalore (India) based IT Solution Company. It is a kind of Application Software where the accounting process is carried out mechanically through instructions given by the user with the selection of graphical represented information of computer screen. This software is purely developed based on the Accounting Principles and Mercantile Law fundamentals, for better management of Finance, Logistics and Administration of Commerce and Trading, yet it

doesn't have any accounting knowledge. This software is simple yet powerful and this is obviously Standalone Accounting Software.

1. creating a Company in Tally Prime:

Creating a company in TallyPrime (the latest version of Tally software) is the very first step to setting up your accounting books. It's like opening a new physical ledger for your business. Here's a step-by-step procedure:

1. Launch TallyPrime:

- Double-click the TallyPrime icon on your desktop.
- If TallyPrime is already open and another company is loaded, you'll need to go to the **Company Menu**. You can usually do this by pressing **Alt+K** (Company) or selecting "Company" from the top menu bar.

2. Select "Create Company":

- Once TallyPrime launches (or if you're in the Company Menu), you'll see options like "Select Company," "Create Company," "Backup," "Restore," etc.
- Choose **"Create Company"** and press Enter.

3. Fill in Company Creation Details (The Company Creation Screen): This is where you enter all the essential information about your business. Be accurate!

- **Company Name:** Enter the full, legal name of your business (e.g., "Sharma Enterprises Pvt. Ltd."). This name will appear on all your reports and invoices.
- **Mailing Name:** This usually defaults to the Company Name. You can change it if you have a different name for correspondence.
- **Address:** Enter the complete postal address of your business. You can use multiple lines for this.
- **State: Crucial for statutory compliance.** Select the correct state where your company is registered or primarily operates from a drop-down list (e.g., Bihar). This determines the applicability of state-specific taxes like SGST.

- **Country:** Select "India" (or the relevant country).
- **PIN Code:** Enter the postal code of your address.
- **Contact Details:**
 - **Phone No.:** Company landline number.
 - **Mobile No.:** A primary mobile contact.
 - **Fax No.:** (Optional, less common now).
 - **E-mail:** Official company email address.
 - **Website:** (Optional) Company website address.
- **Financial Year Begins From:**
 - This is the start date of your financial year. In India, it's typically **01-April-YYYY** (e.g., 01-April-2025). TallyPrime usually pre-fills this based on your system date and country.
- **Books Beginning From:**
 - This is the date from which you want to start entering transactions in Tally. By default, it's the same as the "Financial Year Begins From."
 - **Important:** If you're starting to use Tally mid-year (e.g., your business started on April 1, 2025, but you're only setting up Tally on July 1, 2025, and want to enter transactions from July), you would enter **01-July-2025** here, while "Financial Year Begins From" remains 01-April-2025.
- **Security Control (Optional but Recommended):**
 - **TallyVault Password:** This is an advanced security feature that encrypts your company data. If you enable this, you'll need to enter this password every time you open the company. **Be extremely careful, as forgetting this password can lead to permanent data loss.**
 - **Use Security Control:** Enable this if you want to create users with different access levels (e.g., an administrator, data entry operator, auditor). You'll set up a username and password for the administrator here.

- **Base Currency Information:**

- These fields (like Base Currency Symbol, Formal Name, Suffix symbol to amount, etc.) usually get auto-filled based on the country you selected (e.g., ₹ for India, "Indian Rupee"). You generally don't need to change them unless you have specific requirements.

4. Accept and Save:

- After filling in all the details, review them carefully for any errors.
- Press **Enter** on each field until you reach the end of the screen.
- TallyPrime will then ask you to "**Accept? Yes or No.**"
- Press '**Y**' (for Yes) or **Ctrl+A** (which is a shortcut for accepting any screen in Tally) to save the company details.

5. Company Created! Start Using TallyPrime:

- Once you save the features, you'll be taken to the "**Gateway of Tally**" screen, which is the main operational interface. Your newly created company will be loaded and ready for you to start entering masters (ledgers, stock items) and transactions (vouchers).

Key Observations (What I Saw and Understood About the CA Profession and Its Environment):

1. **The Constant Evolution of Tax Laws:** My biggest observation was the dynamic and ever-changing nature of tax laws in India. It's not a static field. I saw how the team at R. Rattan Garg & Co. continuously kept themselves updated by reading new government announcements, budget changes, and legal rulings. This showed me that a CA's job involves a commitment to endless learning and adapting.
2. **The Critical Importance of Deadlines:** I keenly observed the intense focus on meeting strict legal deadlines for all tax filings and audit submissions. The atmosphere in the office, especially during peak seasons (like July-August for ITRs), reflected immense pressure. This highlighted that punctuality and meticulous planning are absolutely essential to ensure clients remain compliant and avoid costly penalties.
3. **Technology is the Backbone of Modern Practice:** It became crystal clear that computer technology is no longer an option but a necessity in this profession. I

witnessed the extensive use of specialized accounting software (like TallyPrime) and government online portals for submitting forms. These digital tools dramatically speed up work, improve accuracy, and allow CAs to manage a large volume of client tasks efficiently.

4. **The CA as a Problem Solver and Advisor:** I realized that CAs do much more than just fill out forms. They act as crucial problem-solvers. I observed them troubleshooting issues like discrepancies in client records, delays in tax refunds, or interpreting confusing tax rules. They are true advisors, helping clients navigate complex financial situations.
5. **A Deep Focus on Client Relationships:** I strongly observed that the firm placed a high value on its clients. It wasn't just about completing a task; it was about building trust and long-term relationships. CAs spent time listening to client concerns, patiently explaining complicated concepts, and making sure clients felt supported and understood.
6. **Teamwork Makes the Dream Work:** I noticed a strong sense of collaboration within the office. Junior staff, senior CAs, and partners all worked together, sharing knowledge and helping each other out. If someone faced a challenge, they would consult with others, demonstrating that collective effort is key to success in a professional firm.
7. **High Ethical Standards are Non-Negotiable:** I gained a profound appreciation for the stringent ethical standards governing the CA profession. I saw the firm's unwavering commitment to integrity, honesty, and maintaining client confidentiality. The discussions always focused on finding legitimate ways to help clients save tax (tax planning), never on illegal methods (tax evasion).

In conclusion, this 15-day internship, while seemingly brief, was an incredibly impactful and foundational experience. It transformed my academic understanding into tangible insights, offering a realistic and comprehensive glimpse into the daily operations, professional demands, and profound responsibilities inherent in a Chartered Accountant's practice. It not only solidified my career aspirations but also instilled in me a deep respect for the precision, legal acumen, and client dedication required in this dynamic field.

FINDINGS:

WHAT I FOUND OUT DURING MY INTERNSHIP

My 15-day internship at R. Rattan Garg & Co., under the valuable guidance of CA R. Rattan Garg, was a truly eye-opening journey. It was my very first time seeing how the complicated world of taxes and money management works in a real office, especially here in Khagaria, Bihar. Through the daily tasks and observations, I discovered several important things about how CA firms operate and what it truly means to work in this field. These are my main "findings" or key discoveries from my time there:

1. The Work is Highly Organized and Done in Clear Steps:

- **What I Found:** I discovered that successful tax and accounting work is not messy or random at all. Instead, it follows very strict and clear step-by-step plans for every task. It's like having a detailed instruction manual for everything they do. This organized approach helps them handle many clients and different types of work at the same time without confusion.
- **How I Saw It:** For example, when preparing Income Tax Returns (ITRs) for people, there was a specific checklist of papers needed from the client. Then, there was a clear process for putting those numbers into the computer system, and another step for carefully checking them before sending. For GST, different folders and steps were used for sales records versus purchase records. This showed me that having these clear steps is super important to make sure no mistakes are made and all legal rules are followed.

2. Computers and Online Systems are Absolutely Essential (Not Just Nice to Have):

- **What I Found:** I realized that doing tax and accounting work in today's world relies entirely on computers and online systems. Manual work, where you write everything by hand, is mostly a thing of the past for the main tasks. These digital tools are the backbone of the entire operation.
- **How I Saw It:** I directly used TallyPrime, which is a powerful computer program for keeping money records. I also saw how the firm used special online

websites provided by the government (like the Income Tax e-filing portal and the GSTN portal) to send all the tax forms directly. This showed me that these technologies don't just make work a bit faster; they make it *possible* to handle the huge amount of data and make sure it's sent correctly and on time to the government.

3. Tax Rules are Always Changing, So Continuous Learning is a Must:

- **What I Found:** One of my biggest discoveries was that tax laws in India are not fixed. They are constantly being updated, changed, or new rules are added. This means a CA firm must always be learning and adapting very quickly.
- **How I Saw It:** I often heard the team members discussing recent news about the government's budget or new rules related to GST or income tax. They would read special circulars and notifications that explained these changes. This made it clear that CAs have to keep studying and updating their knowledge every single day, otherwise, they might give outdated or wrong advice to clients.

4. Talking Clearly to Clients is a Huge Part of the Job:

- **What I Found:** It's not enough for a CA to just know the tax rules. A very big part of their job is explaining those complex rules to clients in simple words and helping them understand what they need to do. Clear and patient communication is key to building trust.
- **How I Saw It:** I observed CAs spending time talking to clients, explaining why certain papers were needed, or how a specific tax saving worked. Sometimes, clients would call with questions about a letter they got from the tax department, and the CA would calmly explain what it meant and what steps to take. This showed me that being good at talking and listening is just as important as being good with numbers.

5. Extreme Accuracy and Double-Checking Numbers are Vital to Avoid Problems:

- **What I Found:** I learned that being incredibly careful with numbers and cross-checking everything is extremely important. Even a small mistake in calculation or a wrong number can lead to big problems later, like fines from the government or having to re-do a lot of work.

- **How I Saw It:** My tasks often involved comparing numbers from different documents – for example, checking if the tax deducted from a salary (TDS) matched what the government had on its record (Form 26AS). If there was a difference, we had to investigate like detectives to find out why. This showed me that CAs constantly double-check everything to make sure all records are perfectly accurate.

6. The CA Firm Acts as a Crucial Link (a "Bridge") between People/Businesses and the Government:

- **What I Found:** I realized that a CA office like R. Rattan Garg & Co. plays a very important role in connecting everyday people and businesses with the government's complex tax system. They make it easier for everyone to follow the rules.
- **How I Saw It:** I saw how the firm acted as this "bridge." They took the complicated tax laws, understood them fully, and then translated them into simple steps for clients. They also handled all the technical aspects of sending forms online to the government. This means clients don't have to worry about understanding every tiny rule or dealing directly with the tax department; the CA firm takes care of it, providing huge peace of mind.

7. India Has Many Different Kinds of Taxes, Collected by Different Groups:

Imagine a big pie that represents all the money the government needs. That pie is sliced up into many different kinds of taxes. For example, there's a tax on the money you earn (Income Tax), a tax on things you buy (like GST), a tax on goods imported from other countries (Customs Duty), and so on.

The problem is that these many different taxes are collected by different government departments. So, you might pay your Income Tax to one department, but GST to another, and Customs Duty to yet another. This situation, where there are many different taxes and many different collectors, is called "multiplicity of taxes." It can make the overall tax system seem quite complicated for people and businesses.

8. **The Government Relies Heavily on Indirect Taxes to Get Its Money:**

The government needs a lot of money to run the country, build roads, schools, hospitals, etc. It gets this money from various taxes. When we look at where most of this money comes from, a very large portion comes from "indirect taxes." These are taxes like GST, which are added to the price of goods and services, and everyone pays them when they buy something.

The point here is that the amount of money the government collects from these indirect taxes is much, much larger than the money it collects from "direct taxes" (like Income Tax). In fact, it's mentioned that the money from indirect taxes is almost twice as much as from direct taxes. This shows how crucial taxes on consumption are for the government's budget.

9. **Both Direct and Indirect Taxes Have Their Own Good Sides and Bad Sides:**

Explanation: There isn't one "perfect" type of tax. Each type of tax has benefits and drawbacks.

Direct Taxes (like Income Tax): A good side is that they can be fairer because people who earn more money usually pay a higher percentage of their income as tax. A bad side can be that people might try harder to avoid paying them, or they can feel like a big burden when it's time to pay.

Indirect Taxes (like GST): A good side is that they are very easy for the government to collect because they are simply added to the price of things, and almost everyone pays them when they buy something. A bad side is that they can affect everyone equally, meaning poorer people might end up paying a larger percentage of their income on these taxes compared to richer people, as they spend a larger share of their money on basic goods.

10. **For Direct Taxes, Company Profits and Personal Incomes are the Most Important:**

Explanation: When we look at where the government gets most of its money from "direct taxes," the two biggest sources are:

Corporation Tax: This is the tax that companies pay on the profits they make.

Taxes on Income: This is the tax that individuals pay on their earnings, such as salaries, profits from a business or profession, rent from property, and so on.

These two categories combined form the largest part of the government's direct tax income.

11. **For Indirect Taxes, GST (which replaced old taxes) and Customs are Key:**

Explanation: Before the Goods and Services Tax (GST) was introduced, there were several major indirect taxes. The most important ones were:

Customs Duty: This is a tax paid on goods that are brought into India from other countries (imported goods).

Excise Duty: This was a tax paid on goods that were manufactured or produced within India.

Service Tax: This was a tax paid on various services provided (like telecommunication services, restaurant services, etc.).

Important Change: When GST came into effect, it largely replaced Excise Duty and Service Tax, bringing them under one big tax. So, now, for indirect taxes, **GST** is the most important component, along with **Customs Duty** which still applies to imports.

12. **The Cost and Effort to Collect Taxes are Increasing Year After Year:**

Explanation: Running a tax system is not free. The government has to spend money and effort to collect taxes. This includes paying staff, setting up computer systems, maintaining online portals, doing checks (audits), and handling paperwork.

The point here is that the amount of money and resources the government spends on this "collection" process is growing larger each year. This suggests that the tax system is becoming more complex, or simply that more effort is needed to ensure everyone pays their share and the system runs smoothly.

These findings, drawn from my short but intense 15-day internship, truly opened my eyes to the daily workings of a professional CA firm. They highlight that success in this field requires not just knowledge of laws, but also strong computer skills, a continuous desire to learn, careful attention to detail, and excellent communication abilities.

SUGGESTIONS FOR IMPROVEMENT:

During my 15-day internship at R. Rattan Garg & Co., I gained valuable insights into the workings of a CA firm and the Indian tax system. Based on my observations and learnings, I have a few simple ideas that might help improve efficiency or client service. These are offered humbly, from the perspective of a learner:

1. Making Client Document Collection Even Easier:

- **Suggestion:** I noticed that gathering all the correct papers from clients (like salary slips, bank statements, or investment proofs) can sometimes take time. It might be helpful to create a very simple, single-page checklist or a small guide for clients that clearly lists all the documents needed for their specific tax form (like for ITR-1 for salaried people). This could be shared with them beforehand, perhaps even through a message or email.
- **Why it Helps:** This could save time for both the client and the firm by reducing back-and-forth communication and ensuring all papers are submitted correctly the first time.

2. Using TallyPrime for More Simple Reports:

- **Suggestion:** I learned how to create a company and do basic entries in TallyPrime. Perhaps the firm could also look into using Tally's simple report-making features more often. For example, generating basic expense reports or income summaries directly from Tally for small business clients.
- **Why it Helps:** This might save time that would otherwise be spent creating these reports manually in other programs, making the process smoother for basic accounting tasks.

3. Creating Simple Guides for Common Tax Questions:

- **Suggestion:** I observed that clients often ask similar questions about taxes (e.g., "What is Form 26AS?", "How do I claim HRA?", "What documents do I need for GST?"). It might be useful to create very short, easy-to-understand "Q&A sheets" or simple guides for these common questions. These could be quickly shared with clients.

- **Why it Helps:** This could save time for the CAs and staff by providing quick answers, and it helps clients understand things better without needing lengthy explanations every time.

4. **Regular Internal Updates on Tax Changes:**

- **Suggestion:** I saw how tax laws keep changing. It might be helpful to have short, quick internal meetings (maybe once a week or fortnight) within the firm to share the most important recent tax updates.
- **Why it Helps:** This ensures that everyone in the team, especially new interns or articles, stays updated on the latest rules, making sure advice to clients is always correct.

5. **Utilizing Government E-filing Portals' Newer Features:**

- **Suggestion:** I got to use the government's online tax portals (for Income Tax and GST). These portals sometimes add new features, like pre-filled forms or easier ways to view tax details. The firm could explore if any new features can be fully utilized to make filing even faster.
- **Why it Helps:** Staying updated with the portal's new functions can help the firm work more efficiently and quickly, especially during busy times.

6. **Government of India should focus more on structural reforms than policy reforms:**

Explanation: Imagine India's economy as a large house.

Policy reforms are like changing the color of the paint on the walls or buying new furniture. These are usually quicker changes, like lowering a tax rate or giving a new subsidy. They can give immediate results but might not fix deeper problems.

Structural reforms are like fixing the foundation of the house, adding stronger walls, or changing the entire layout. These are bigger, deeper changes to the basic rules and ways the economy works. For example, making it easier to start a business, improving how banks work, simplifying land laws, or making government offices more efficient. These changes take longer to show results but can lead to stronger, long-term growth and stability for the whole economy.

The Idea: The suggestion is that India needs to focus more on these deep, foundational changes (structural reforms) because they can lead to lasting improvements in how the economy grows and creates jobs, rather than just quick fixes.

7. GST should be implemented soon to reduce the number of indirect taxes and facilitate comfort of doing business in India:

Explanation: This point refers to a time *before* GST was fully in place across India (GST was actually implemented on July 1, 2017).

Before GST: India had many different "indirect taxes" (taxes on goods and services) collected by various central and state governments. This meant if a product moved from one state to another, it would be taxed multiple times, making it expensive and complicated for businesses. This "multiplicity of taxes" (many different taxes) made doing business difficult.

Why GST was needed: The idea of GST was to bring almost all these many indirect taxes under one single tax system across the whole country ("One Nation, One Tax"). This would make it much simpler for businesses to operate, reduce the burden of different taxes at different stages, and make it easier for goods to move freely across states.

The Idea: The suggestion was that implementing GST quickly would help reduce the number of indirect taxes, cut down on paperwork, and make it much easier and more comfortable for businesses to operate anywhere in India.

8. Administrative expenses incurred on Tax Collection needs to be brought down by making decrease in the number of taxes and tax collection authorities:

Explanation: Collecting taxes costs the government money. This money is spent on things like:

Salaries for tax department staff.

Building and maintaining computer systems for filing and tracking taxes.

Running offices and conducting audits.

Handling all the paperwork and queries.

The Idea: The suggestion here is that if India has too many different types of taxes, and too many different government offices collecting them, it becomes very expensive and complicated to manage. If the government can simplify this by:

9. **Reducing the number of different government bodies collecting them:** (making the process more streamlined).

Then, the money and effort spent on just "collecting" taxes would go down, which is good because that money can then be used for other important government activities like development projects.

These suggestions are based on my limited but focused experience during the internship, and I offer them with the hope that they might contribute, even in a small way, to the continuous improvement of the excellent services provided by R. Rattan Garg & Co.

LIMITATIONS:

While my 15-day internship at R. Rattan Garg & Co., was an incredibly rewarding and insightful experience, it's also important to acknowledge the natural boundaries and limitations that came with its specific setup. These factors, which are common in many internships, naturally shaped the depth and breadth of my learning and exposure during this short period. Understanding these limits helps put my observations and findings into a realistic context.

1. Very Short Duration of the Internship (Only 15 Days):

- **Explanation:** The most significant and unavoidable limitation was the brief time span of just 15 days. A comprehensive understanding of any professional field, especially one as vast and detailed as taxation and accounting, requires a much longer period.
- **Impact on Learning:** This limited duration meant I could only get a preliminary overview of many processes. For instance, I didn't get to see the *entire cycle* of complex annual activities like a full company audit from start to finish, or how a business's tax planning evolves throughout an entire financial year. My exposure to all the different types of clients (e.g., very large corporations vs. small shopkeepers) or all the various departments within the

firm (if they had separate audit, advisory, or international tax teams) was also naturally restricted to what could be covered in such a short window. It was more of a "snapshot" rather than a "full movie" of the firm's operations.

2. **Focus on Foundational and Assisting Tasks:**

- **Explanation:** As a new intern with limited prior hands-on experience, the tasks assigned to me were primarily foundational and aimed at providing basic understanding. These tasks were crucial for learning but did not involve high-level decision-making or strategic planning.
- **Impact on Learning:** My work mainly involved things like data entry, organizing client documents, cross-checking numbers, and assisting with specific parts of tax form preparation. I did not get the opportunity to participate in very complex tax problem-solving sessions, provide high-level client advice on complicated financial structures, or engage in detailed financial analysis that goes beyond basic compliance. These more advanced tasks typically require greater experience and a longer internship period.

3. **Strict Client Confidentiality and Limited Data Access:**

- **Explanation:** Chartered Accountant firms handle extremely sensitive and private financial information belonging to their clients. Due to strong ethical rules and legal requirements for privacy, access to all client files or detailed financial records is carefully controlled, especially for interns.
- **Impact on Learning:** This necessary confidentiality meant that while I worked on specific parts of a client's file, I rarely had access to the complete financial history or the full "big picture" of a client's business. My learning was often focused on the specific data I was authorized to handle, which sometimes limited my ability to understand the broader context of a particular tax case or a client's entire financial situation.

4. **Specific Focus Due to Timing and Regional Practice:**

- **Explanation:** The workload in a CA firm can vary greatly depending on the time of year due to different tax filing deadlines (these are called "peak seasons"). My internship might have occurred during a period heavily focused

on specific types of compliance work. Also, being in Khagaria, Bihar, the client base might have a particular focus (e.g., small and medium-sized businesses, individuals).

- **Impact on Learning:** While I gained strong, hands-on experience in preparing Income Tax Returns (ITRs) for individuals and basic Goods and Services Tax (GST) compliance, my exposure to other less frequent but equally important areas was limited. For example, I had less direct involvement in full-scale company audits, very complex business advisory services, or dealing with more specialized taxes that might be handled during different times of the year or for different types of industries not common in the immediate region.

5. My Own Initial Knowledge Base and Learning Curve:

- **Explanation:** While I had gained theoretical knowledge from my studies before starting the internship, my practical understanding of how real-world tax and accounting operations function was still in its early stages.
- **Impact on Learning:** This meant there was a learning curve at the beginning of the internship itself. I relied heavily on the guidance and explanations from CA R. Rattan Garg and the team. This naturally limited how quickly I could grasp very advanced topics or independently tackle complex problem-solving scenarios that required deeper practical experience. My capacity to ask very detailed questions about high-level strategies was also constrained by my foundational understanding at the outset.

Despite these inherent limitations, I firmly believe that this internship provided me with an exceptionally valuable and concentrated learning experience. It offered a realistic and practical foundation that far exceeded my initial expectations for such a short duration.

10. CONCLUSION

My 15-day internship at R. Rattan Garg & Co., under the incredibly helpful and expert guidance of CA R. Rattan Garg, has been a truly transformative and deeply insightful

experience. Despite its relatively short duration, this period served as an invaluable journey, effectively bridging the theories I've learned in my academic studies with the practical, fast-paced realities of taxation and accounting in a professional setting. Every day presented a new learning opportunity, cementing my understanding and significantly shaping my future career interests.

Key Learnings That Shaped My Understanding

This internship provided me with hands-on exposure to core accounting and taxation practices, which were far more impactful than textbook knowledge alone. I gained a much clearer and more practical understanding of how **Income Tax Returns (ITR)** are processed for individuals from start to finish. This included learning the crucial steps of gathering various important documents—like salary statements (Form 16), bank transaction records, and investment proofs—and meticulously inputting this data into specialized tax software. A particularly rewarding aspect was understanding how to identify and apply various **tax-saving deductions** legally available to clients, which directly helps them pay less tax.

I also received a foundational yet practical introduction to the **Goods and Services Tax (GST)**. I grasped its fundamental importance in the Indian economy and observed how businesses manage their GST compliance. A key takeaway was seeing the practical application of **Input Tax Credit (ITC)**, which helps businesses get credit for taxes already paid on their purchases, preventing tax from being added upon tax. Furthermore, I gained valuable hands-on experience using **TallyPrime software**, a widely used accounting program. I learned the precise steps involved in setting up a new company within Tally and accurately recording various daily financial transactions, like cash payments and receipts. This practical work brought the concepts of double-entry accounting to life in a digital environment.

Beyond specific technical skills, this experience significantly refined my **attention to detail**. I quickly learned that even a small mistake in numbers or dates could have big consequences in tax matters. My ability to **organize documents** also improved, as I saw the importance of systematic filing and record-keeping for efficient workflow. I also gained initial insights into

professional communication, observing how CAs explain complex financial information to clients in simple, understandable terms.

Important Observations and Findings About the Profession

During my time at R. Rattan Garg & Co., I made several key observations that provided a realistic understanding of the tax and accounting profession:

- **Technology is Absolutely Essential:** I clearly saw that **computers and specialized online systems are no longer just tools but are fundamental necessities** for all tax and accounting work today. The firm heavily relied on software like Tally and government e-filing portals, which transformed complex manual tasks into efficient, accurate, and rapid processes.
- **Tax Laws Are Constantly Changing:** My biggest discovery was that **tax laws in India are not fixed; they are dynamic and constantly updated**. I observed the team regularly discussing new government notifications and budget announcements. This underscored that **continuous learning and quick adaptation** are absolutely vital for CAs to provide accurate and up-to-date advice.
- **The CA as a Client's Trusted Guide:** I realized that CAs are much more than just individuals who crunch numbers. They are **important problem-solvers and trusted advisors** who guide clients through complex tax rules. I saw them patiently explaining confusing situations, helping clients understand legal requirements, and building strong, trusting relationships. This showed me the advisory and supportive role they play.
- **The Firm Acts as a Vital Bridge:** It became very clear that a CA firm like R. Rattan Garg & Co. serves as an **essential "bridge" between taxpayers and the complex government tax system**. They simplify complicated legal language into actionable steps for clients and manage all the technical filing processes, which provides immense peace of mind to individuals and businesses.

Beyond the firm's internal workings, I also gained some **broader insights into India's national tax system**:

- I understood that **India's tax system involves many different types of taxes collected by various authorities**, which adds to its complexity.
- I observed the **huge dependence of the government on indirect taxes (like GST) for revenue generation**, noting their widespread impact across the economy.
- I learned that both **direct and indirect taxes have their own advantages and disadvantages**, affecting different sections of society uniquely.
- It became clear that for direct taxes, **company profits (Corporation Tax) and individual incomes are the primary sources**. For indirect taxes, **GST is now the major player**, having largely replaced older taxes like Excise and Service Tax, though Customs Duty remains important for imports.
- Finally, I realized that the **cost and effort involved in collecting taxes are actually growing year by year** for the government, highlighting the vast administrative machinery behind it.

My Growth and Future Outlook

This 15-day internship has been an incredibly impactful experience. It has not only significantly strengthened my academic understanding of taxation and accounting but has also solidified my interest in pursuing a career in this dynamic field. The practical insights, combined with the professional environment at R. Rattan Garg & Co., have prepared me more effectively for my future studies and career.

I am profoundly grateful to CA R. Rattan Garg for providing me with this invaluable opportunity to learn and grow, and to the entire team at R. Rattan Garg & Co. for their patience, guidance, and willingness to share their knowledge during my internship. I look forward to applying these learnings in my future academic and professional endeavors