

## EXECUTIVE SUMMARY

Tax payment is a social responsibility of liable citizens and prescribed implemented and imposed by the government to contribute to its revenue to provide goods and services to its citizens. Tax evasion is widely believed to be an important factor limiting revenue mobilization. There are a number of tax evasions due to weak tax administration and procedures in Jaffna Region. The big income tax evaders are the professionals. Professionals earn income from exercise of any profession or vocation that calls for an intellectual or manual skill. It covers doctors, lawyers, accountants, consultants, artists, musicians, singers, etc., who are adept at evading taxes, too.

The Department of Inland Revenue, Regional Office Jaffna has a lot of issues of tax procedures and professionals' tax evasion. Officers have had to try from time to time impracticable procedures. Among those problems, assessment of professionals' income is very important because their income assessment methods have not been successful in the Regional Office. Not only in Jaffna Region but in all parts of the country officers have faced the same problem. This study employs a field project design which involves collection of information from a sample of individuals by IRD and brainstorming. Therefore, this project study introduces a new income assessment method for professionals' earning and is suggested in order to restrict their tax evasion.

The study explains how tax evasion affects tax revenues in IRD Jaffna Region. The data are gathered on secondary data form related materials published by government authorities, organizations such as work of other researchers and authors in the form of journals, books, bulletins and newspaper articles as well as sources from the internet.

The study recommends to introduce new invoice models for professionals which can be issued when they render their service. Another recommendation is reorganizing Regional group work method; thirdly all institutions have to link with RAMIS and create awareness among the professionals in the region. To be a whole process success, IRD Regional Officers have to follow up actively. At the same time tax payers of Northern Region should be made aware that according to the new system taking money from the public without issuing an IRD approved invoice is a punishable offence. It is a compulsory payment to the Government. Professionals' tax evasion is common and its prevalence is vast and greatly impairs macro-economic objectives and thus retards the country's economic growth. Therefore, evasion of tax should be restricted by all means to ensure prosperity of the country.