

**DIRECT TAX MEASURES**

**I. Reduction in tax rates & Simplification of direct tax laws**

**Corporate Tax** - It has been the stated policy of the Government to simplify the Income-tax Act, 1961 by removing exemptions and incentives while at the same time reducing the rates of taxes. Starting from the Finance Act, 2016, the corporate tax rates have been gradually reduced while phasing out the exemptions and incentives available to the corporates. In furtherance of this policy, through Taxation Laws (Amendment) Act, 2019, an option has been provided to the corporates to pay tax at concessional rate of 22% (plus applicable surcharge and cess) if they do not avail any exemption or incentive. Further, new domestic manufacturing companies (set up on or after 1<sup>st</sup> October, 2019 and starting manufacture on or before 31<sup>st</sup> March, 2024) has been provided an option for paying tax at 15% (plus applicable surcharge and cess) without claiming specified exemption and incentive. Further, such companies are not required to pay MAT as well.

**Personal Income Tax**- Further, in order to reform personal income tax, Finance Act, 2020 has provided an option to individual taxpayers for paying income-tax at lower slab rates if they do not avail specified exemption and incentive. The personal income tax new regime is proposed to be further liberalised by Finance Bill, 2023 by providing substantial relief to taxpayers under this regime.

**II. Ease of Compliance for Taxpayers**

**Faceless Schemes** – The procedures for assessment, appeal and levy of penalty under the Income-tax Act have been made faceless by eliminating the human interface between the Assessing Officer and the assessee, optimising use of resources through functional specialization and streamlining the procedures to enable efficient implementation.

**Pre-filing of Income-tax Returns**- In order to make tax compliance more convenient, pre-filled Income tax Returns (ITR) have been provided to individual taxpayers. The ITR form now contains pre-filled details of certain incomes such as salary income. The scope of information for pre-filing is being further expanded by including information such as house property income, capital gains from securities, bank interest, dividends, etc.

**Taxpayers' Charter**: The Hon'ble Prime Minister has also launched a 'Taxpayer's Charter'. The Charter reflects certain principal commitments of the Income Tax Department towards the taxpayer. The taxpayer's charter has been adopted by the CBDT as per the provisions of section 119A. With its adoption, India joins other major economies in the world like USA, UK, Canada and Australia which too have adopted and published Charter as a gesture of their commitment towards their taxpayers. The Charter will go a long way in strengthening the trust between the taxpayer and the tax administration. It will also help in enhancing the efficiency of the delivery system of the Income Tax Department.

**Updated return** - A new provision has been introduced in the Act facilitating the taxpayer to be able to update his return anytime within two years from the end of the relevant assessment year. A taxpayer can file an updated return by voluntarily admitting omissions or mistakes and paying an additional tax as applicable. A formal mechanism of first passively sharing information through Assessee Information System (AIS) and then actively sharing through e-Verification scheme has been recently enabled. Non-intrusive voluntary compliance through this two-pronged approach is devised to enable access to a taxpayer of information available with the Department and to nudge him to correct omissions/errors/oversights) by allowing updating of this return of income.

### **III. Reduction in Litigation**

**Setting up of Dispute Resolution Committee (DRC)**- For reducing litigation and to give an impetus to the dispute resolution for small taxpayers, a Dispute Resolution Committee is to be constituted. A taxpayer having taxable income up to Rs. 50 lakh and disputed income up to Rs. 10 lakh shall be eligible to approach the Committee. For ensuring efficiency, transparency and accountability, the procedure of the Committee will be conducted in a faceless manner.

**Vivad se Vishwas**- Since a large number of disputes related to direct taxes were pending at various levels of adjudication from Commissioner (Appeals) level to Supreme Court, an urgent need was felt to provide for resolution of pending tax disputes which will not only benefit the Government by generating timely revenue but also the taxpayers as it will bring to close mounting litigation costs and efforts can be better utilized for expanding business activities. Hence, Direct Tax Vivad se Vishwas Act, 2020 was enacted on 17<sup>th</sup> March, 2020 under which the declaration for settling disputes have been filed. The scheme has been very successful.

**Repetitive appeals**: Taking forward the policy of litigation management, a new section 158AB is inserted into the Income-tax Act. If a question of law in the case of an assessee is identical to a question of law pending in appeal before the jurisdictional High Court or the Supreme Court in any case, the filing of further appeal to the Appellate Tribunal or the jurisdictional High Court in the case of the assessee shall be deferred till such question of law is decided by the relevant Court subject to certain conditions.

#### **IV. Benefits to senior citizen taxpayers**

In order to ease compliance burden on senior citizen pensioners who are of 75 years of age or above having pension and interest income have been exempted from the requirement of filing of income tax if the full amount of tax payable has been deducted by the paying bank.

#### **INDIRECT TAXES**

In this regards steps taken in relation to import duty are listed as follows –

- a) As announced in Budget Speech 2023-24, the number of basic customs duty rate slabs on goods, other than textiles and agriculture, are being reduced from 21 to 13.
- b) In the last three years, through extensive consultation more than 350 exemption entries are being gradually phased out.
- c) Also, as a simplification measure, several concessional rates are incorporated in the Customs Tariff Schedule itself instead of prescribing them through various exemption notifications.

A simplified tax structure with fewer tax rates helps in reducing compliance burden, improving tax administration and a step forward in achieving our objective of ‘Make in India’ and ‘Atmanirbhar Bharat’.