## **CBDT forms internal** panel for full review of Income-Tax Act

Public feedback invited to help make the Act concise and easy to understand

HARSH KUMAR New Dethi, 7 October

he Union finance ministry on Monday invited public input and suggestions for a review of the Income-Tax Act, which was announced in this year's Budget.

Comments were sought in four categories: Simplifying the language, litigation reduction, compliance lessening, and redundant/obsolete provisions.

The Central Board of Direct Govt has categorised Taxes (CBDT), under the ministry, has set up an internal committee to oversee the review.

\*The goal is to make the Act Simplification of concise, clear, and easy to understand, which will reduce disputes, litigation, and provide greater tax certainty to taxpayers," the finance ministry said Litigation reduction:

However, it didn't give the details about the committee.

and deductions for corporate four categories." rate tax came from the simpli- policy making.



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suggestions into four key focus areas:

language: Reducing complexity and making the Act easier to understand

Identifying provisions that lead the law

to disputes and offering solutions to minimise litigation

## Compliancereduction: Streamlining processes to reduce administrative burden on taxpayers

Redundant/obsolete provisions: Highlighting outdated provisions that can be removed to modernise

Union Finance Minister The ministry statement said: the adequate breadth in their Nirmala Sitharaman in her "Suggestions should specify the formulation approach. The Budget speech this year relevant provision of the impending tax legislation will announced a review of the Act. Income-tax Act, 1961 or Income- be an important pillar of India's "It has been our endeavour tax Rules, 1962 (mentioning the aspirational macro-economic to simplify taxation. We have specific section, sub-section, future, and it is of utmost taken a number of measures in clause, rule, sub-rule, or form importance that the the last few years including number), as the case may be, to process deployed in developing introduction of simplified tax which the suggestion relates this legislation is thorough, regimes without exemptions under the aforementioned transparent and worthy," said

This has been appreciated by that the government's initiative Maneesh Bawa, partner at tax pavers. 58 per cent of corpo- underpins transparency in tax Nancia Andersen India, said:

2022-23. Similarly, as per data dented opportunity for busi- challenges faced by taxpayers. available till now for the last fis-nesses to participate in evolving accountants, and legal profescal, more than two thirds have tax legislation, which will gov-sionals, ensuring that their realavailed the new personal ern them in future, it will also world experiences help shape income tax regime," she said. provide the policymakers with the reforms."

Sumit Singhania, partner,

"This crowd-sourced approach fied tax regime in financial year "Not only is this an unprece- aims to address the practical

## Decades-old tax laws are set for revamp with real-world solutions

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**NEW DELHI** 

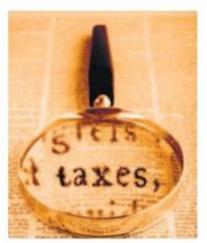
ndia's direct tax authority has sought feedback from the public on revamping the six-decade-old Income Tax Act so it's easier to comprehend and comply with, while reducing the scope for disputes and erasing red tape.

The Central Board of Direct Taxes (CBDT) said on Monday that an internal committee set up to review the Income Tax Act has sought public feedback on four categories: simplification of language, litigation and compliance reduction, and redundant/obsolete provisions. The Centre intends to make tax laws less complicated while improving ease of doing business and removing sections that have lost relevance. The Income Tax Act has 298 sections under 23 chapters. It also has 14 schedules.

Public feedback will allow the government to align proposed revamp of the tax laws with industry expectations. CBDT said the department's website will accept suggestions from 13 October, giving the government enough time to draft a Bill by the next budget session in February.

get session, in February.

In the past, when the government examined the need for a direct tax code, key sug-



gestions were incorporated into the Act itself rather than

into a new tax code.

Experts have welcomed the move. "The focus should be on simplification and removing outdated lauses and sections.

Reducing litigation and compliance burden on taxpayers is an area that should be looked into. It's easy for taxpayers to participate in this process as the suggestions can be submitted online," said Amit Maheshwari, tax partner, AKM Global, a tax and consulting firm.

Referring to finance minister Nirmala Sitharaman's budget announcement on the tax law revamp, CBDT said its goal was to make the law concise, clear, and easy to understand, which will reduce disputes, litigation, and provide greater

tax certainty to taxpayers.

Crowdsourcing of ideas is aimed at addressing practical challenges faced by taxpayers.

accountants, and legal professionals, ensuring real-world experience will help shape the reforms, said Maneesh Bawa, partner at Nangia Andersen India, a business advisory firm.

With inputs on the four specified areas, the Centre aims to make the tax system more user-friendly and efficient, ensuring benefits for will allow the government to align proposed revamp of the tax laws with industry expectations

all, said Bawa.

Reducing litigation has been a priority for the government as often high-pitched assessments end up in courts, which take up resour-

ited recovery. It leads to large amounts being classified as tax arrears, which are difficult to recover. Over the years, the tax department has raised the monetary threshold for filing appeals in

ces and time but result in lim-

reduce litigation.
In the Union
budget for 202425, the central
government had
raised the mone-

higher courts to

tary limit for filing appeals related to direct taxes, excise duty and service tax in tax tribunals, high courts and the Supreme Court.