

# EVOLUTION OF NEW INCOME TAX BILL



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# HISTORY OF INCOME TAX ACT



The Present Income Tax Act was passed in 1961



It has 47 chapters and 819 sections



Till now Act has been amended 65 times



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# WHY I.T. ACT BECAME BULKY



Traditional drafting



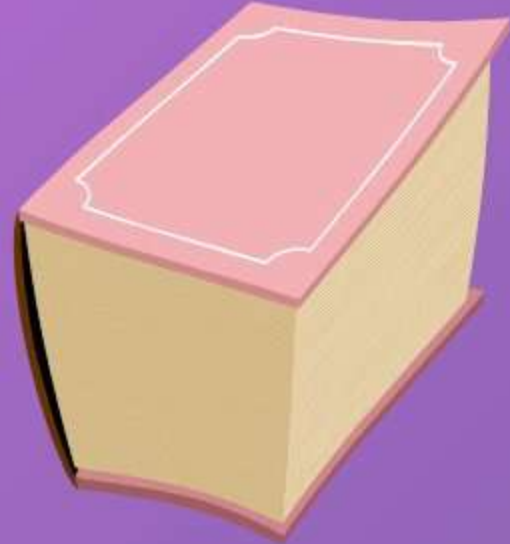
Numerous amendments over time



To keep pace with judicial pronouncements



Provisos and explanations to explain intent of ACT



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# WHY SO MANY AMENDMENTS



I.T. ACT is dynamic and adaptable



Amendments made to reflect changing political, socio- economic realities



Example

To promote exports, sections 80HH & 80HHC were brought and amended  
To promote Infrastructure section 80IA was brought



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# NEED OF REVIEW OF I.T. ACT 1961



Act had become intricate over time with amendments

Intricate legal language



Elaborate structure

Voluminous



# OBJECTIVE OF REVIEWING OF THE EXISTING ACT



To make the existing law concise, lucid, easy to read and comprehend



To remove ambiguities with a view to reducing disputes and litigations



To review the procedures to make it simpler for the stakeholders



To provide certainty to taxpayers



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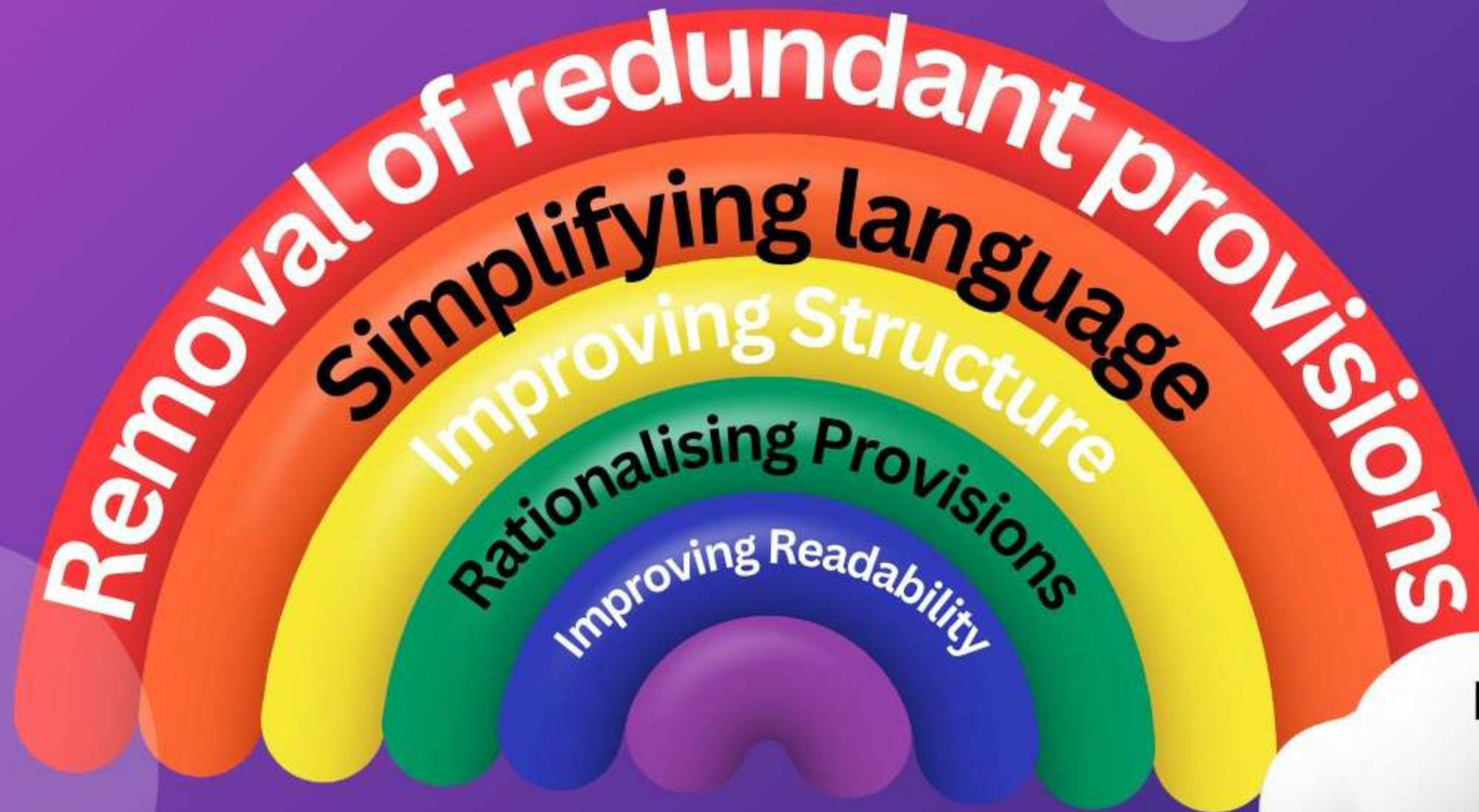


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# AIM & SCOPE OF THE NEW BILL



**Exercise for the New  
Income Tax Bill**



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# ANNOUNCEMENT FOR THE REVIEW OF THE INCOME TAX ACT



Hon'ble FM in Union Budget, 2024 on 23rd July, 2024  
announced comprehensive review of Income Tax Act 1961



Time Limit was set to Six Months



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# PROCESS INVOLVED IN DRAFTING NEW I.T. BILL



Planning initiated with formation of core committee and 6 sub committees in first week of

August, 2024



14 more Sub- committees were constituted in September, 2024  
The number of Sub Committee rose to 22 in October 24

September- October, 2024



The number of sub committees rose to 26

November, 2024



All committees submitted draft to TPL division of CBDT and they co-ordinated with Ministry of Law and Justice

December, 2024



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# DRAFTING THE NEW I.T. BILL



The Committee studied the two draft Direct TAX codes attempted earlier



Research - UK and Australia (already rewritten their Tax laws) to make language clearer and simpler



Undertook stakeholder consultations, viz. Industry professionals, associations, taxpayers and officers



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# STUDY OF GLOBAL PRACTICES



Expert Consultations-  
Overseas Virtual Meetings



Study of national and international  
guidance material for simplified legal language

Office of simplification Projects, UK



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# STAKEHOLDER CONSULTATIONS



Online suggestions for simplification



Sector wise 20976 responses



1807 Suggestions for simplification



Each suggestion catalogued and analysed



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# COMPARISON OF INCOME TAX 1961 WITH THE NEW BILL



|                            | <u>IT ACT 1961</u> |  | <u>NEW IT BILL</u> |
|----------------------------|--------------------|--|--------------------|
| WORDS                      | 5.12 Lakh          |  | 2.6 Lakh           |
| CHAPTERS                   | 47                 |  | 23                 |
| TOTAL SECTIONS             | 819                |  | 536                |
| TABLES                     | 18                 |  | 57                 |
| PROVISO's AND EXPLANATIONS | Present            |  | Absent             |



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# FEATURES OF THE NEW INCOME TAX BILL



Simplified  
Legal Language

Easy to  
comprehend with  
Tables and Charts



New I.T. Bill



Consolidation of  
relevant provisions

Removal of  
Redundancies



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# FEATURES OF THE NEW INCOME TAX BILL



## CONSOLIDATION



Related provisions in various chapters have been consolidated in the New Bill as far as possible

Examples-

- 1) Consolidation of all provisions related to NPO's in one chapter
- 2) All definitions have been consolidated in section 2 of the Bill



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# FEATURES OF THE NEW INCOME TAX BILL



## LANGUAGE SIMPLIFICATION

### EXAMPLE

#### PRESENT

Section 80C “In computing the total income of an assessee, being an individual or a Hindu undivided family, there shall be deducted, in accordance with and subject to the provisions of this section, the whole of the amount paid or deposited in the previous year, being the aggregate of the sums referred to in sub-section (2), as does not exceed one hundred and fifty thousand rupees.”



#### PROPOSED

“An individual or a Hindu undivided family shall be allowed a deduction of the amount paid or deposited in the tax year, up to ₹1,50,000, as per Schedule XV.”



Language simplified by use of shorter sentences



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# FEATURES OF THE NEW INCOME TAX BILL



## CONTENT SIMPLIFICATION

### EXAMPLE

#### PRESENT

##### Section (2)

Proviso

Provided further

Provided further that

Explanation



#### PROPOSED

##### Sec 2

2(1) ....

2(2) ....

2(3) ....

2(4) ....



Provisos and explanations removed and simplified as sub-sections or clauses



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# FEATURES OF THE NEW INCOME TAX BILL



Enhanced use of TABLES,  
CHARTS AND FORMULAE

## PRESENT

Sec.194      Sec.193  
Sec.195      Sec.192  
Sec.206



## PROPOSED

TDS for  
Residents

TDS for  
NRI's

No TDS  
Required

TDS/TCS Provisions made easier to comprehend



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# WHAT REMAINS UNCHANGED



No change in Tax slabs



Key words/ Phrases defined in court rulings remain unchanged



Certainty of Tax Law Provisions for all



The Income Tax Bill only simplifies the existing Income Tax Act



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