

## ABSTRACT

### ANATOMISATION OF PLAUSIBLE NEED FOR DIRECT TAX CODE IN INDIA THROUGH SCRUTINY OF FALLACIES IN INDIAN TAX LAWS AND RULES

**\*PUSHPIT SINGH<sup>1</sup>**

Jitendra Solanki, a SEBI registered tax and investment expert said, “*Tax relief to corporates, simplification of the tax code on multiple fronts, reducing litigation and a faster disputes settlement mechanism are crucial reforms the industry and taxpayers are looking forward to*”.

The Income Tax Act, 1961 is a heavy act referring to more than 800 sections that are highly susceptible to ambiguity in terms of interpretation and practice leading to an increased scope for non-compliance with Tax laws and inability to comprehend the complicated jargon and technicalities of a self-contradicting Act. Furthermore, the Income Tax Act, 1961 is vulnerable to amendments through the Finance Act of every fiscal year. Considering the current scenario of the Income Tax Act, 1961 which leads to unstable Tax-GDP ratio due to unsatisfactory amount of money in the hands of individual taxpayers and companies in India, lower equity, higher compliance costs and administrative burdens, higher litigation costs and lower facilitation of Tax Avoidance and erosion of the Tax Base due to higher plausibility of Tax Evasion, the first Draft of the Direct Tax Code (DTC) Bill was introduced in Parliament in 2010 . The then-Government formed a Standing Committee of Finance (SFC) to deliberate the Direct Taxes Code Bill among specialized individuals and groups. A report was submitted to the Parliament in 2012 but the Direct Tax Code Bill lapsed when the National Democratic Alliance came to power in 2014. However, in 2017, Narendra Modi -led Government formed a Task Force to draft a New Direct Tax Code Bill. A report was submitted to the Finance Minister of India, Nirmala Sitharaman, which is yet to be made public.

---

<sup>1</sup> B.B.A L.L.B, 1st Year - 2019-24 Batch

The purpose of this Research Paper is to deal with the idea of enhancing India's Direct Tax Structure by keeping in mind the highly volatile Indian business environment and businesses grappling in an economic downturn and nullifying the effect of well-established jurisprudence for the existing legislations. This research paper is of quintessence importance as it analyses the onerous Income Tax Act, 1961 by comparing it to other legislations and narrowing it down to the possibility of a probable Direct Tax Code comprising of simplified tax related provisions in India. This importance is in direct correlation with the applicability of the results as they are practical in nature that can be scrutinized and considered by the concerned Legislative Bodies.