

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO. 1843
ANSWERED ON 16.12.2025

DIRECT TAX REFORMS AND COMPLIANCE

1843. Shri A. D. Singh:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government proposes further simplification of the Personal Income-Tax Regime;
- (b) the measures taken to widen the Tax Base and reduce evasion through data analytics and digital platforms; and
- (c) the present status of Tax litigation and steps taken to expedite dispute resolution?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): Personal Income-tax regime (without deductions) has been recently simplified with liberal slabs and increased rebates by Finance Act, 2025. There is no further proposal under consideration in this regard.

(b): CBDT has undertaken extensive technology-driven reforms that leverage data analytics, legislative enablement, and digital communication platforms to widen the tax base and reduce evasion. Central to this approach is Non-Intrusive Usage of Data to Guide (NUDGE) Taxpayers strategy, which integrates high-quality financial data, behavioral insights, and targeted digital outreach to improve compliance.

Enhanced data streams are analysed to identify disclosure gaps, mismatches, high-risk patterns, and potential evasion, enabling identification of taxpayers requiring intervention for compliance. Through SMS, email campaigns, portal-based prompts, and outreach sessions, the Department facilitates voluntary correction of discrepancies by filing revised return/ belated return/ updated return.

Analytics-driven NUDGE campaigns have been executed for different issues like foreign asset disclosures, non-genuine deductions, VDA reporting and TDS compliance to improve reporting of income and payment of taxes.

Further, various other measures undertaken for widening of Tax base are as under:

- i. The Income Tax Department has implemented the Non-Filer Monitoring System (NMS), which assimilates and analyses taxpayer information, including information received from third parties e.g. Statement of Financial Transactions (SFT), Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) statements, etc. to identify persons/entities, who have undertaken high value financial transactions but have not filed their Income tax returns.
- ii. Financial information received from third-party reporting entities is processed and made available to the taxpayers through the Annual Information Statement (AIS). The AIS provides a comprehensive view of taxpayer's financial transactions. Taxpayers are encouraged, through electronic communications, to review the information available in AIS, reconcile discrepancies online, file/revise returns voluntarily, where required, or submit appropriate feedback on the AIS portal. This calibrated, non-intrusive, and risk-based approach facilitates early identification of potential non-compliance, nudges taxpayers towards voluntary compliance, and thereby contributes to widening of the tax base while reducing tax evasion.

Also, cases are selected for scrutiny through a rule-based, automated system designed to identify potential instances of tax evasion. This selection process is driven by a comprehensive set of rules framed on the basis of analysis of financial data received from multiple sources, including third party information.

(c): The present status of tax litigation is given below:

| Appellate Level | Pendency of Appeals |
|--|---------------------|
| First Appellate Level (CIT(A)/JCIT(Appeals)) (As on 31.10.2025) | 5,26,230 |
| ITAT (As on 30.06.2025) | 24,866 |
| High Court (As on 30.06.2025) | 40,693 |
| Supreme Court (As on 30.06.2025) | 6,297 |

Some of the steps taken to expedite dispute resolution are given below:

- 1) The Vivad Se Vishwas Scheme, 2024 was launched as a one-time measure to reduce pending income-tax litigation and provide certainty to taxpayers.
- 2) Enhancement of monetary limits for filing departmental appeals vide CBDT Circular No. 9/2024 dated 17.09.2024, raising the thresholds to ₹60 lakh (ITAT), ₹2 crore (High Courts) and ₹5 crore (Supreme Court).
- 3) Creation of 100 new posts of Joint Commissioner (Appeals) through the introduction of e-appeals scheme, 2023.
- 4) For reducing litigation and to give an impetus to the dispute resolution for small taxpayers, Dispute Resolution Committee has been constituted. A taxpayer having taxable income up to ₹50 lakh and disputed income up to ₹10 lakh shall be eligible to approach the Committee.
- 5) The performance of First Appellate Authorities is being closely monitored by the CBDT in light of the targets of appeals disposal prescribed by the Central Action Plan 2025-26 of the Department.

Other administrative measures are also being undertaken by the Government for expediting the dispute resolution.
