

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 3586**  
**ANSWERED ON – 24/03/2026**

**Direct Tax Compliance**

**3586 SHRI NARHARI AMIN:**  
**SMT. KIRAN CHOUDHRY:**  
**SHRI SUBHASH BARALA:**  
**SHRI MAYANKKUMAR NAYAK:**  
**SHRI TEJVEER SINGH:**  
**SHRI MASTHAN RAO YADAV BEEDHA:**  
**SHRI NARAYANA KORAGAPPA:**  
**DR. MEDHA VISHRAM KULKARNI:**  
**SHRI UJJWAL DEORAO NIKAM:**  
**SHRI MADAN RATHORE:**  
**SHRI SADANAND MHALU SHET TANAVADE:**

Will the Minister of FINANCE be pleased to state: -

- (a) The total number of Income Tax Returns filed during the last five assessment years;
- (b) The growth in direct tax collections during the same period under the Income Tax Department;
- (c) Whether Government has identified sectors with significant tax evasion risks if so, the details thereof;
- (d) The number of cases detected through data analytics-based tax scrutiny; and
- (e) Whether the Ministry proposes additional reforms to widen the direct tax base, if so, the details thereof?

**ANSWER**

**THE MINISTER OF STATE IN THE MINSITRY OF FINANCE**

**(SHRI PANKAJ CHAUDHARY)**

- (a) Total number of Income Tax Returns filed during the last five assessment years:

<b>AY</b>	<b>Filing Count</b>
2020-21	7,02,05,449
2021-22	7,14,06,399
2022-23	7,63,66,703
2023-24	8,30,01,759
2024-25	8,89,92,445

- (b) Growth in direct tax collections during the same period under the Income Tax Department:

<b>FY</b>	<b>Net Collections (in Rs. Crores)</b>	<b>Growth % in Net Collection</b>
2020-21	9,47,176	
2021-22	14,12,422	49.12
2022-23	16,63,686	17.79
2023-24	19,61,823	17.92
2024-25	22,26,375	13.49

-Source (for F.Y. 2020-21 to F.Y. 2023-24): Pr. CCA, CBDT

-Source (for F.Y. 2024-25): DGIT (Systems) Bangalore & Pr. CCA, CBDT (for C.T.D.S data)

- (c) Investigation regarding detection of tax evasion and unaccounted income is an on-going process and whenever any instance come to the notice of Income Tax Department (ITD), appropriate action such as SAKSHAM NUDGE, e-verification, assessment, reassessment, imposition of penalty, survey and search & seizure actions, is taken as per law, depending upon the facts and circumstances of each case, across different sectors.
- (d) Cases are selected for scrutiny under Computer Assisted Scrutiny Selection (CASS), by formulating rules, which are then run on Income Tax Return (ITR) data, non-ITR forms data and third-party information available with the Income Tax Department. Based on these risk parameters, cases are flagged for scrutiny.

Summary on cases selected through CASS in the last five Financial Years is as under:

<b>Sr. No.</b>	<b>FY</b>	<b>Total Number Cases selected in CASS</b>
1	2021-22	46,213
2	2022-23	20,172
3	2023-24	68,207
4	2024-25	44,655
5	2025-26	1,65,974

- (e) The Government has undertaken wide-ranging and continuous reforms over the past several years with the objectives of simplification, rationalisation, ease of compliance, reduction of litigation and promotion of voluntary tax compliance. Major reforms undertaken, inter alia, include the following:

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

- I. **Corporate Tax:** In order to promote growth and investment, the Government has brought in a historic tax reform through the Taxation Laws (Amendment) Act, 2019 which provided a concessional tax regime of 22% for all existing domestic companies. In line with the Government's stated policy of removing exemption/deductions, these reduced rates are applicable for only those companies which do not avail exemptions/deductions. These companies have also been exempted from Minimum Alternate Tax (MAT).
- II. **Reduction of rate of foreign companies to 35 per cent:** The rate of income-tax chargeable on income of foreign company (other than that chargeable at special rates) has been reduced from 40% to 35% vide Finance (No. 2) Act, 2024.
- III. **Personal Income Tax:** 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. Apart from the above, Finance Act, 2020 has also provided an option to the co-operatives to pay taxes at concessional rates without claiming any specified deduction or incentive. Finance Act, 2025 has provided substantial relief under the new tax regime with new slabs and tax rates as under:-

<b>Total income</b>	<b>Rate of tax</b>
Upto Rs. 4,00,000	Nil
From Rs. 4,00,001 to Rs. 8,00,000	5 per cent
From Rs. 8,00,001 to Rs. 12,00,000	10 per cent
From Rs. 12,00,001 to Rs. 16,00,000	15 per cent
From Rs. 16,00,001 to Rs. 20,00,000	20 per cent
From Rs. 20,00,001 to Rs. 24,00,000	25 per cent
Above Rs. 24,00,000	30 per cent

- IV. **Increase in rebate in new tax regime:** Finance Bill, 2025 has increased the rebate for the resident individual under the new regime so that they do not pay tax if their total income is up to Rs. 12,00,000. Marginal relief as provided earlier under the new tax regime is also applicable for income marginally higher than Rs. 12,00,000.

- V. **Abolition of Dividend Distribution Tax (DDT):** In order to increase the attractiveness of the Indian Equity Market and to provide relief to a large class of investors in whose case dividend income is taxable at the rate lower than the rate of DDT, the Finance Act, 2020 removed the Dividend Distribution Tax under which the companies shall not be required to pay DDT with effect from 01.04.2020. The dividend income shall be taxed only in the hands of the recipients at their applicable rate.
- VI. **Incentives for Start-ups:** In order to incentivize start-ups in the country, the eligibility for claiming tax holiday for start-ups was extended for start-ups incorporated -till 31<sup>st</sup> March, 2025 by the Finance Act, 2024. Further, in order to incentivize funding of the start-ups, the capital gains exemption for investment in start-ups was also extended by one more year till 31<sup>st</sup> March, 2022 vide Finance Act, 2021. The threshold limit for eligible start-ups was earlier raised to Rs 100 crores from Rs 25 crores. Finance Act, 2023, had further provided that carried forward loss of eligible start-ups shall be considered for set off, if such loss has been incurred during the period of ten years beginning from the year in which such company was incorporated. Further, The Finance Act, 2025 has been amended to extend the benefit provided under section 80-IAC to startups for another period of five years, i.e. the benefit will be available to eligible start-ups incorporated before 01.04.2030.

## 2. **Ease of Compliance for Taxpayers**

- I. **Simplification and rationalisation of capital gains taxation regime:** The period of holding of capital assets has been simplified with amended provisions providing for a period of 12/24 months as holding period for capital assets. The rate of tax on short term capital gains under section 111A of the Act has been increased from 15% to 20% for STT paid listed equity shares, units of equity-oriented funds and business trusts. The rate for long term capital gains on above capital assets has been rationalised from 10% to 12.5%. Rate of taxation in respect of other long term capital assets has been rationalised and simplified to 12.5% without indexation from earlier rate of 20% with indexation, with an option being provided to opt for a beneficial regime in respect of immovable property acquired before the 23<sup>rd</sup> July, 2024. This option has been provided to resident Individuals/HUFs.
- II. **Rationalisation of certain TDS rates:** To improve ease of doing business and encourage voluntary compliance by taxpayers, certain Tax Deduction at Source (TDS) rates have been reduced from 5% to 2% vide Finance (No. 2) Act, 2024. These include sections 194D (Payment of insurance commission (in case of person other than company) (with effect from 1.4.2025), 194DA (Payment in respect of life insurance policy), 194G (Commission etc on sale of lottery tickets), 194H (Payment of commission or brokerage), 194-IB (Payment of rent by certain individuals or HUF), 194M (Payment of certain sums by certain individuals or Hindu undivided family). Rate of TDS u/s 194-0 (Payment of certain sums by e-commerce operator to e-commerce participant) has been reduced to 0.10a. Further, sect on 194F of the Act has been omitted pertaining to payments on account of repurchase of units by Mutual

Fund or Unit Trust of India. Further, section 206C (1H) of the Act has been made non-applicable.

- III. **Charitable trusts/ Institutions:** Amendments have been made to merge the two schemes for exemption and also provide for rationalisation of filing of applications and the timelines for registration and approval of certain benefits to charitable trusts and institutions. Further, Amendments have been made to amend the period of validity of registration of trust or institution from 5 years to 10 years for smaller trusts or institutions. The definition of specified violation for cancellation of registration of trust or institution has been rationalised so as to not apply the same for minor default as incomplete applications. Further, the definition of persons making substantial contribution to a trust or institution for denial of exemption has also been rationalized.
- IV. **Faceless Assessment:** The e-Assessment Scheme, 2019 notified on 12th September, 2019 provides for a new mechanism for making assessment by eliminating the interface between the Assessing Officer and the assessee, optimizing use of resources through functional specialization and introducing the team-based assessment. Further, the said scheme was later renamed as Faceless Assessment Scheme, 2019. Vide Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 (TOLA), the said scheme was incorporated in to Income-tax Act by inserting section 144B.
- V. **Faceless Appeals-** In order take the reforms to the next level and to eliminate human interface, the Finance Act, 2020 empowered the Central Government to notify Faceless appeal Scheme to eliminate human interface in the appellate function of the department between the appellant and the Commissioner of Income-tax (Appeals). The Faceless Appeal Scheme, 2020 was notified on 25.09.2020 and later amended as Faceless Appeal Scheme, 2021 which was notified on 28.12.2021.
- VI. **New Form 26AS -** New Form-26AS has already been notified. This new form contains all information of deduction or collection of tax at source, specified financial transaction, and payment of taxes, demand and refund, pending and completed proceedings. Hence, the new form 26AS will enable tax payers to fill their ITRs correctly, Further, if any discrepancy is observed, the tax payer will also have an opportunity to file a revised return of income, before any such case is picked for scrutiny. Hence such measures are expected to lead to an overall increase in trust and transparency between the taxpayers and the tax authorities.
- VII. **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.
- VIII. **Increasing threshold limits for presumptive taxation schemes:** Finance Act, 2023 has increased the threshold limits for availing the presumptive scheme of taxation subject to certain conditions. In case of small enterprises, whose cash receipts are no more than 5 per cent, the threshold limit to avail presumptive scheme has been proposed to be increased from Rs 2 crore to Rs 3 crore. In case of professionals whose

cash receipts are no more than 5 per cent, the said limit has been increased from Rs 50 lakh to Rs 75 lakh.

### **3. Reduction in Litigation:**

- I. **Updated Return-** To increase ease of voluntary compliance and reduce litigation, a new sub-section (8A) is inserted in section 139, 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. Section 140B was inserted in the Act to make provisions for paying an additional tax above the normal tax applicable for additional incomes as reflected in the updated return. Further, the time-limit to file the updated return has been extended from the existing 24 months to 48 months from the end of the relevant assessment year.

Thus, the above measures reflect the intent of the government to make the tax policies just, efficient and oriented to resolve the taxpayers grievances. However, the intent of the Government is to make our tax laws accommodative to the need of the socio-economic requirement of the country and for which necessary charges may be brought as and when needed.

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