

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE**

**LOK SABHA**

**UNSTARRED QUESTION NO. 4986**

TO BE ANSWERED ON MONDAY, MARCH 23, 2026/CHAITRA 02, 1948 (SAKA)

**SIMPLIFICATION MEASURES IN THE INCOME TAX**

**4986. SHRI KALYAN BANERJEE:**

Will the Minister of FINANCE be pleased to state:

- (a) the manner in which the Government proposes to ensure that simplifications do not lead to unintended ambiguities or legal challenges in interpretation in the income tax, particularly when the basic structure remains unchanged;
- (b) the details of the proposed new rule-based automated system allowing lower or nil deduction certificate without filing an application with the Assessing Officer thereof; and
- (c) the number of assesseees falling under the NIL income tax slab since the financial year and the number of assesseees who have faced unintended ambiguities or legal challenges from the Income Tax Department since 2020 till date along with the action taken by the Government in this regard?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

- (a) A comprehensive review of Income-tax Act, 1961 was undertaken with the aim to make the Act concise, lucid, easy to read and understand. While undertaking this simplification exercise, conscious attempt has been made to minimise the scope of unintended ambiguity, leading to fresh interpretations and litigation. For this purpose, key words/phrases, especially where courts have given rulings, have been retained with minimal modifications. Language has been simplified by use of short sentences. Provisions have been made clear to minimize scope for multiple interpretations. Formulae and tables have also been used to enhance clarity.
- (b) Sub-section (1) of section 395 of the Act which provides for issuance of certificate for deduction of tax at source at Nil or lower rates was amended vide Finance Bill, 2026, to provide for an option for electronic issuance of certificate for lower or nil deduction of income-tax. The detailed rules in this regard would be finalized once the Finance Bill, 2026 is passed in the Parliament and enacted as the Finance Act, 2026.

(c) The number of assesses falling under the Nil Income-tax slab since the Financial Year 2020:

<b>A.Y.</b>	<i>Number of assessee declaring gross tax liability* as NIL in ITR filed</i>
2021-22	1,34,05,908
2022-23	1,25,38,114
2023-24	1,19,67,392
2024-25	1,26,10,162
2025-26	1,22,77,376

*\*Gross tax liability does not take into account any rebate or relief*

As regards any ambiguity or legal challenge faced by assesses from ITD since 2020, no such data is available. However, it may be stated that litigation arises not only on account of ambiguity in law but also on account of tax avoidance and tax evasion. Further, several measures have been undertaken by the Department to remove unintended ambiguity, enhance clarity, reduce tax litigation and provide certainty to the taxpayers:

(i) A time bound comprehensive review of the Income-tax Act, 2025 was carried out to remove redundancies, minimize scope for misinterpretation and simplify provisions.

(ii) Amendments to Income-tax Act are made after extensive consultation with various stakeholders to identify areas of concerns and address them proactively.

(iii) Explanatory memorandum is issued to the Finance Bill when it is introduced in the Parliament to provide clarification on the intent of the change being made to the Income-tax Act and reduce scope for ambiguities. Further, in recent years, Frequently asked questions (FAQs) on the amendments are also prepared in simplified language for better understanding of the taxpayers.

(iv) CBDT issues circulars and guidelines from time to time to provide clarification and to address concerns of the taxpayers with respect to any provision.

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