

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:38

ANSWERED ON:20.11.2009

NEW TAX CODE

Chauhan Shri Sanjay Singh; Hussain Shri Syed Shahnawaz

Will the Minister of FINANCE be pleased to state:

- (a) the salient features of the proposed new direct tax code;
- (b) the extent to which the new rates are likely to yield the existing level of revenue with the revised comprehensive tax base proposals;
- (c) whether the Government has invited opinion from the public before finalizing the new tax code in the country;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO.38 RAISED BY SHRI SYED SHAHNAWAZ HUSSAIN AND SHRI SANJAY SINGH CHAUHAN REGARDING 'NEW TAX CODE'

(a) The salient features of the new Direct Tax Code are as under:

The proposed new Direct Tax Code will replace the Income-tax Act, 1961 and is not an amendment of the existing law.

All the Direct Taxes (i.e. Income Tax and Wealth Tax) have been brought under a single code and the compliance procedure is unified.

It has been drafted in simple language which will convey with clarity, the intent, scope and amplitude of the provisions of the law. It will facilitate voluntary compliance from the tax payers.

It would avoid ambiguity in interpretation and thus the scope of litigation will be minimized.

It has been structured in a manner which is capable of accommodating changes according to the needs of a growing economy without resorting to frequent amendments.

The new tax code seeks to eliminate exemptions and deductions so that the taxing statute can be better administered. This has significantly contributed to the simplification exercise.

It seeks to provide stability in tax rates.

(b) The indicative tax rates and tax base in the code have been proposed with an objective to achieve more or less the existing level of revenues.

(c) to (e) Yes Sir. Government has invited opinion from public by releasing the draft proposals on Direct Taxes Code on the Ministry of Finance's website directtaxescode-rev@nic.in. Further, Finance Minister and Senior Officials from Ministry of Finance have participated in a number of seminars and had interaction with a numbers of stakeholders. Their suggestions have been received and are being examined by the Government before finalizing the draft bill.