

Direct Tax code

July 21, 2020

Objective: to simplify the structure of direct tax laws in India into a single legislation.

- The DTC will replace the Income-tax Act, 1961, and other direct tax legislation like the Wealth Tax Act, 1957.
- In 2017, the government set up an expert committee to draft a new Direct Taxes Code. The report of the task force on DTC was submitted to Finance on August 19, 2019. It is yet to be made public.
- According to a Business Standard report, the expert panel has recommended a significant increase in the highest income-tax slab, besides slashing the corporation tax rate to an even 25 per cent for both domestic and foreign companies.

Key points of Direct Taxes Code 2.0

- Those earning up to Rs 55 lakh may get major tax relief
- Foreign firms may have to pay branch profit tax
- Dividend distribution tax may be done away with(Recent 2021-22-Budget has removed this)
- Assessing units to replace assessment officers
- Mechanism of mediation between taxpayers and CBDT
- Proposed DTC to have far fewer sections than over 700 in the Income Tax Act

