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## Introduction of direct tax code in Indian economy

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### Key Words

Direct Tax Code (DTC), Government of India, Income Tax Act, 1961, Tax Rates, tax-GDP ratio, tax administrator, HUF – Hindu Undivided Family.

### Abstract

*The Direct Taxes Code (DTC) is an attempt by the Government of India (GOI) to simplify the direct tax laws in India. DTC will revise, consolidate and simplify the structure of direct tax laws in India into a single legislation. The DTC, when implemented will replace the Income-tax Act, 1961 (ITA), and other direct tax legislations like the Wealth Tax Act, 1957.*

*The first draft bill of DTC was released by GOI for public comments along with a discussion paper on 12 August 2009 (DTC 2009) and based on the feedback from various stakeholders; a Revised Discussion Paper (RDP) was released in 2010. DTC 2010 was introduced in the Indian Parliament in August 2010 and a Standing Committee on Finance (SCF) was specifically formed for the purpose which, after having a broad-based consultation with various stakeholders, submitted its report to the Indian Parliament on 9<sup>th</sup> March 2012. Recently as a follow-up on this initiative and as stated by the Finance Minister (FM) in his Interim Budget Speech in February 2014, after taking into account the recommendations of the SCF, a “revised” version of DTC (DTC 2013) has been released on 31 March 2014.*

*This paper focuses on the key features of the Direct Tax Code, its impact on the Indian Economy and various stakeholders as a whole and analyze the practical issues on the effective implementation of the DTC in India. This paper also discusses the need and benefits of such tax initiative to reduce the number of compliances under various acts by the citizens and tax payers.*

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