

**Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes**

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Press Release

**Executive Summary on the Comprehensive Simplification of the Income-tax Act,
1961**

Introduction

The **Income-tax Bill, 2025** has been tabled in Parliament on 13th February 2025, marking a significant step toward simplifying the language and structure of the Income-tax Act, 1961.

The simplification exercise was guided by three core principles:

1. **Textual and structural simplification** for improved clarity and coherence.
2. **No major tax policy changes** to ensure continuity and certainty.
3. **No modifications of tax rates**, preserving predictability for taxpayers.

A three-pronged approach was adopted:

- **Eliminating intricate language** to enhance readability.
- **Removing redundant and repetitive provisions** for better navigation.
- **Reorganizing sections logically** to facilitate ease of reference.

Consultative and Research-Based Approach

The Government ensured **widespread stakeholder engagement, consulting taxpayers, businesses, industry associations, and professional bodies**. Out of **20,976 online suggestions received, relevant suggestions were examined and incorporated**, where feasible. Consultations were held **with industry experts and tax professionals and simplification models from Australia and the UK** were studied for best practices.

Outcomes of the Simplification Exercise

Quantitative Impact

The review has led to a **substantial reduction in the Act's volume**, making it more streamlined and navigable. Key reductions are summarized below:

Item	Existing Income-tax Act, 1961	Proposed in the Income-tax Bill, 2025	Change (Reduction/Addition)
Words	512,535	259,676	Reduction: 252,859 words
Chapters	47	23	Reduction: 24 chapters
Sections	819	536	Reduction: 283 sections
Tables	18	57	Addition: 39 tables
Formulae	6	46	Addition: 40 formulae

Qualitative Improvements

- **Simplified language**, making the law more accessible.
- **Consolidation of amendments**, reducing fragmentation.
- **Removal of obsolete and redundant provisions** for greater clarity.
- **Structural rationalization through tables and formulae** for improved readability.
- **Preservation of existing taxation principles**, ensuring continuity while enhancing usability.

The Income-tax Bill, 2025 reflects the Government's commitment to enhancing ease of doing business by providing a tax framework that is simple and clear,

(V. Rajitha)
 Commissioner of Income Tax
 (Media & Technical Policy) &
 Official Spokesperson, CBDT