

- (i) PAN should be expanded and it should cover all citizens.
- (ii) To clear the backlog, the dept should outsource the data entry work.
- (iv) All return and issue of returns should be completed in a four month period.
- (v) Abolish the requirement of tax clearance certificate on leaving the country.

Personal income tax -

Increase in exemption limit to Rs 1 lakh for the general categories of taxpayers and further exemption for senior citizens and widows.

- Rationalise income tax slabs
- eliminate surcharge on personal income tax.

* corporation tax

Reduce the corporate tax to 30% for domestic companies and 35% for foreign companies.

- Increase rate of depreciation for plant & machinery.
- Abolish minimum alternate tax.

* Wealth tax

- Abolition of wealth tax.

The above recommendations were made 13 years ago. The DTC and GST have been so far biggest reforms initiated by govt in direct

Key Direct Tax reforms

- (1) Tax Information Network (TIN)
Main aim was to modernise collection, processing, monitoring and accounting of direct taxes using IT. It has three subsystems:
A. Electronic return acceptance and consolidation system.
B. Online tax Accounting system.
C. Central Pan ledger generation system.

- e-Sahyog initiative: - Paperless assessment
→ Sevottam - efficient grievance redressal.
→ Faster refunds.
→ Pre filled ITR forms.
→ PAN comp.

Indirect tax reforms: -

- (I) Reduction in custom duties
1990 - 128%. Currently - 11-12%.
- (II) Central excise. Convert
- (III) Service tax - 1994-95 at 7%.
Currently - 14% on 100 services.
- (IV) Goods and services tax! -
Biggest reform in the country.
It is a comprehensive, multistage destination-based tax.
Comprehensive - It has subsumed all indirect taxes.
destination based tax - bcz collected from the point of consumption and