DECIPHERING THE CONCEPT OF CONCESSIONAL TAX REGIME

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ABSTRACT

In India, income tax contributes up to 52.28% to the total tax revenue of the central government. Payment of tax is a legal obligation and an enforced contribution. It is always a throbbing task for an individual as it directly impacts the enduring income. So an individual always tries to reduce the tax liability by managing their financial affairs. The total income earned by an individual is taxed under the heads salary, house property, business or profession, capital gain and other sources. Tax can be reduced either by evasion/ avoidance/planning. Tax evasion is illegal, tax avoidance is unethical but tax planning is ethical and legal[1]. Thus tax planning has become an inseparable part of tax payment and it is legitimate for an individual to find all means to save his tax payable to the government. The introduction of concessional tax regime into the Income Tax Act, 1961 is viewed as one such move and this paper elaborately discusses the concessional tax regime in contrast with the existing tax regime.

[1] *CCE Chandigarh v. Pyara Rexine Pvt. Ltd. , CIT v Sri Abhayanda Rath Family Benefit Trust,* [2002] 123 Taxman 81 (Ori.)

CONCESSIONAL TAX REGIME

In the Indian context, there is always a scuffle between the taxpayer and the tax collector and this is believed to be due to the irrational structure of the Personal Income tax. Economists feel that the tax rates, tax base and tax slabs in the Personal Income Tax schedule are inordinately high by any standards during their review and repeatedly stress the need for rationalization of tax structure but very little reform has been seen so far. This develops a hostile feeling towards the tax payment and assessees attempt to hide their income and avoid tax payments, which is a major setback in the economic growth of a country. The need of the hour was to bring a major reform in the present tax regime by framing tax-friendly policies so that the Individuals who have taxable income willingly come forward to pay their tax. Keeping this in view, the Government has recently redesigned the tax brackets and reframed the tax tariffs with the motive to stimulate growth, simplify the tax structure, bring ease of compliance and reduced litigation[2]. *The new personal income tax rates will entail estimated revenue forgone of rupees forty thousand crores per year to the Government[3].*

In the Budget 2020[4], the Finance Minister proposed to introduce new tax slabs with reduced rates applicable from the assessment year 2020-21 onwards for those individuals who are willing to forego nearly seventy tax exemptions and deductions that are allowed under the Income Tax Act, 1961(hereinafter referred to as "the Act"). The Finance Minister, in the 2020 budget speech claims as follows: *"To simplify the income tax system, I have reviewed all the exemptions and deductions which got incorporated in the income tax legislation over the past several decades. It was surprising to know that currently more than one hundred exemptions and deductions of different nature are provided in the Income-tax Act. I have removed around 70 of them in the new simplified regime. We will review and rationalise the remaining exemptions and deductions in the coming years to further simplify the tax system and lower the tax rate.[5]"*

[2]Government of India, Report: *Budget Speech 2020* para 114 (Ministry of Finance). Available at: https://www.indiabudget.gov.in/doc/bspeech/bs202021.pdf (visited on 26.05.2021).
[3]Government of India, Report: *Budget Speech 2020* para 114 (Ministry of Finance). Available at: https://www.indiabudget.gov.in/doc/bspeech/bs202021.pdf (visited on 26.05.2021).
[4] Government of India, Report: *Budget Speech 2020* para 114 (Ministry of Finance). Available at: https://www.indiabudget.gov.in/doc/bspeech/bs202021.pdf (visited on 26.05.2021).
[5] Government of India, Report: *Budget Speech 2020* para 114 (Ministry of Finance). Available at: https://www.indiabudget.gov.in/doc/bspeech/bs202021.pdf (visited on 26.05.2021).

This new simplified tax regime is optional and is offered to co-exist with the old one with existing tax slabs and various tax exemptions and deductions available to the taxpayer. Thus, it provides an option to the taxpayers to choose between two tax regimes and plan their tax payment according to their saving and spending pattern. It was a move that came surprisingly without much anticipation and the Concessional tax regime comfortably kept the basic exemption limit to be identical under both regimes. Further, the Finance Ministry has defended its move by saying, *"Nearly ninety per cent of income tax filers in India claim tax deductions less than Rs.2 lakh. At least 5.3crore people of 5.78 Crore claimed deductions of less than Rs.2lakh(standard deductions, PF, Home Loan interest, NPS, Life Insurance, Medical Insurance, etc.)*[6] *while filing returns".*

In the course of this paper, a detailed analysis is made on the computation of taxable income under the existing as well as the new tax regime to find out whether the concessional tax regime introduced would be beneficial and help in better tax planning as proposed and reduce the net tax payable by an individual.

COMPUTATION OF TOTAL INCOME

Tax liability can be imposed on an individual only when the total income of the assessee subject to tax is found. *"Total income of an assessee is gross total income as reduced by amount deductible under sections 80C to 80U"*[7].

In the computation of the taxable income under the existing regime, one has to first ascertain the incomes earned under different heads and categorise them accordingly. The cumulative income under these heads is characterized as gross total income. Income received in India is taxable irrespective of the residential status of an Individual. All income earned by an individual is considered for tax treatment except the following:

1. Exempted Income (U/S 10-13 of the Act).
2. The income included in the other's income (U/S 60 to 64)

Though the scheme of the Act is one tax, it classifies the taxable income under different heads for computation of the net income of the assessee. It is a measure to make computation easy

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[6] Government of India, Report: *Budget Speech 2020* para 114 (Ministry of Finance). Available at: https://www.indiabudget.gov.in/doc/bspeech/bs202021.pdf (visited on 26.05.2021).

[7] Dr. Vinod K. Singhania and Dr. Kapil Singhania, d*irect taxes law & practice with special reference to tax planning* 21 (Taxmann Publications (P.) Ltd., New Delhi, 64th edn.,2020).

and fast. The Categorization of income into various heads is mutually exclusive, each head being specific to cover the item arising from a particular source[8]. When an item of income falls specifically under one head it has to be charged under that head and no other. It is imperative on the part of the department to charge the income under the specific head under which it falls since the law leaves no option in the matter[9]. But, if a particular item of income falls under two heads, the assessee has the right to choose the head, which subjects him to lesser tax[10]. If an income cannot be charged to Income-tax under a specific head, the same shall be chargeable to Income-tax under the residuary head, viz., "Income from other sources" under the express provision of section 56(1)[11].

Later, the losses of the current year and the earlier years are adjusted according to the provisions of section 70 to 80 of the Act and the income thus arrived after adjustment of losses is the Gross Total Income.

The several heads into which the income is divided under the Act do not make different kinds of taxes. Tax is always one, but it may arise under different heads to which the different rules of computation have to be applied. These heads are exclusive to one another and income that falls within one cannot be taxed under another head.[12] In *Nalinikant Ambalal Mody* v. *CIT*[13], the Supreme Court held that an income can be charged to tax only if it can be chargeable under the relevant head of the computing section (section 14 of the Act).

Further, from the gross total income arrived as discussed above the following deductions applicable to be made to arrive at the net income liable to tax or taxable income or total income. The taxable income so arrived shall be rounded off to the nearest multiple of ten rupees and the rupee consisting of paise shall be ignored.

DETERMINATION OF TAX LIABILITY UNDER THE EXISTING TAX REGIME

The next steps is to identify the tax liability of an individual with the net income arrived and determine the tax payable thereon at the rates mentioned in the relevant Finance Act which is passed by the Parliament along with the Budget every year. The rates applicable for the

[8] *United Commercial Bank Ltd* v. *CIT* 32 ITR 688 SC.
[9] *H.C.Kothari* v. *CIT* 20 ITR 579 (Mad).
[10] *H.C.Kothari* v.*CIT* (1951) 20 ITR 579 (Mad).
[11] *Mrs. Roma Bose* v. *ITO* 95 ITR 299 Calcutta.
[12] *Karanpura Development Co. Ltd.* v. *CIT* [1962] ITR 362 SC.
[13] [1966] 61 ITR 428.

assessment year 2020-21 are provided in the *First Schedule* of the Finance Act 2020. Part I of the first schedule gives the income tax rates for Individual assessees aged below 60, senior citizens aged between 60-80 years and super senior citizens aged above 80 years separately. The Part II of the first schedule gives rates for tax deducted at source. Conversely, the rates for tax deducted at source from salary are given in part III of the schedule. Part III of the first schedule gives rates for the advance tax payable by different assessees and the same is applicable for the tax deducted at source from salary as discussed earlier. Thus, the Part III of the first schedule to the Finance Act of this year becomes Part I of the first schedule to the Finance Act in the next year.

While computing the tax liability of an individual, in addition to the tax rates, income tax shall be calculated by adding the appropriate value of surcharge, health and education cess applicable accordingly to determine the final tax liability. Surcharge levied here is subject to marginal relief. A resident individual having taxable income less than Rs. 5,00,000 can claim exemption from the tax liability by availing the rebate of 100 percent of the income tax or Rs. 12,500 (whichever is lower). It can be deducted from income tax before calculating health and education cess.

DETERMINATION OF TAX LIABILITY UNDER THE NEW/ALTERNATIVE TAX REGIME

At Present, individuals are taxed as per the progressive tax slabs and the highest rate is 30% which is applicable if the taxable income exceeds ten lakh rupees. Section 115BAC has been inserted by the Finance Act, 2020 with effect from the assessment year 2021-22. This section is offered to provide a lower tax regime for individuals and is a new optional tax regime that will co-exist with the previous one.

This section is enacted to provide substantial relief to the individual taxpayers with a simplified tax structure. The rates of tax are reduced for the individuals who forgo certain tax incentives allowed under the Income Tax Act, 1961. The Finance Minister claims that *the proposed tax structure will provide significant relief to taxpayers and more so to those in the middle class.*[14] But, under the new regime, the proposed tax benefit shall accrue depending on the incentives claimed/forgone by the taxpayer.

[14] Government of India, Report: *Budget Speech 2020* para 115 (Ministry of Finance). Available at: https://www.indiabudget.gov.in/doc/bspeech/bs202021.pdf (visited on 26.05.2021).

In the new regime, computation of total income is done in the same manner as the earlier regime but, the determination of tax is as per the rates discussed under section 115BAC(1). The tax rate is the same for every individual (including senior and super senior citizens) under assessment and the exemption limit is Rs.2,50,000. Rebate of 100 percent of the income tax or Rs. 12,500 (whichever is lower) is available to a resident individual having taxable income not exceeding Rs. 5,00,000[15].

If an individual opting for this regime has an additional income taxable under sections 110 to 115BBG of the Act, then such incomes shall be taxed only under the respective sections and the balance income shall be taxed under section 115BAC.

On the tax calculated according to the above table, the surcharge applicable under the other regime shall be levied in the new regime too.

If the taxable income includes capital gains (taxed under section 111A and 112A) then the surcharge shall not exceed 15% of the income tax. In addition, a health and education cess of 4% is levied on the income tax and surcharge. Thus, the marginal rate of tax under the new regime is 47.744%

THE CONDITIONS TO AVAIL OF THE NEW TAX REGIME ARE (SECTION 115BAC (2)):

1. Tax regime under section 115BAC is optional.
2. The new tax regime under this section is pertinent to an Individual, who may be salaried, retired, self-employed or, a person having any other income. And, it applies to both residents and non-residents.
3. Under this regime, the total income is calculated without adjusting brought forward loss/ depreciation from the earlier years and the loss incurred under the head income from house property cannot be set off with other incomes. Similarly, the loss/depreciation from the current year cannot be carried forward to the subsequent year.
4. In the case of block of assets, the unadjusted depreciation if not given full effect before the assessment year 2021-22, then such value shall be adjusted by writing down the value of such asset as on 01.04.2020.

[15] Section 87A of the Income Tax Act, 1961,India, Available at: https://incometaxindia.gov.in/pages/acts/income-tax-act.aspx (visited on: 26.05.2021).

5. The taxable income is calculated after claiming depreciation and it shall not exceed 40%.
6. For an individual choosing this regime, the Alternate Minimum Tax (AMT) under section 115JC shall not be available. Similarly, the AMT credit of earlier years cannot be adjusted to the income computed under this regime.
7. More than 70 tax incentives available under this Act shall not be available to an individual opting for the new tax regime. Tax incentives like leave travel concession [sec.10(5)]; house rent allowance [sec.10(13A)]; special allowances [sec.10(14)]; MP/MLA allowance [sec.10(17)]; chapter VI A deductions (section 80C to 80U) ; etc. are now not available under this new regime of tax.
8. Whereas, on calculating the total income under section 115BAC of the Act, the assessee is allowed to avail few tax incentives and reduce the tax burden. Employers contribution to national pension scheme [sec.80CCD(2)] and withdrawal from the same [sec.10(12A)]; gratuity received [sec.10(10)]; commuted pension [sec.10(10A)]; leave encashment [sec.10(10AA)]; etc. are now available under both the regimes.
9. An assessee opting for the new regime and not having a business or professional income must upload his option in form 10-IE on submitting the return of income. And, in the case of an assessee having a business or professional income the option can be exercised for any previous year relevant to the assessment year.
10. Once the individual having a business or professional income has opted for the new regime, it shall follow for subsequent assessment years and if wishes to opt-out.
11. An assessee being an employee subject to tax deduction at source (TDS) shall intimate the option to the employer at the beginning of every financial year and cannot be modified during that year. Such intimation does not amount to the exercise of an option. He must further confirm the option or differ on the return of income filed. If the employee does not intimate the employer then, TDS shall follow the existing tax regime and not section 115BAC.
12. A salaried individual can opt-in and opt-out of the new regime every year. While the non-salaried individual can exercise this option only once.

2.9 COMPARATIVE ASSESSMENT OF THE TWO TAX REGIMES

The taxing system adopted and the tax structure followed plays a vital role in the financial behaviour of the taxpayers. Every individual tries to keep their tax liability to the lowest by

adopting various means provided under the statute and one such move is the introduction of the concessional tax regime for individuals in India. A comparison between both regimes would give us a clearer picture of the law.

Tax rate: The new regime offers seven income tax slabs with lower tax rates, unlike the existing tax regime which charges at a proportional rate of 30% for any income above Rs. 10,00,000. The conventional criticism of the existing tax regime of having a fixed tax rate has been redressed under this regime. The lower percentage of the tax rates thus acts as an appealing factor and paves way for better tax planning. Surcharge and cess are applicable under both regimes and are levied at the same percentage.

The existing regime of levying and collecting income tax is considered an ideal means to achieve the canon of equality in the taxing system. But, economists greatly complain about its failure to infuse equity into the system. This is because, 'horizontal equity' - which advocates that an equal amount of income to different individuals should attract equal tax, continues to be overlooked by the Income-tax Act of 1961. Double taxation of dividend income is a glaring example. The principle of horizontal equity is violated because the tax-paying shareholders pay one tax on their corporate income which a person deriving income from a non-corporate business is not required to pay. The new regime has now completely changed the picture promoting equality.

Exemption limit: The total income up to Rs. 2,50,000 is not taxed under both the regimes and even the net income between Rs. 2,50,000 – Rs. 5,00,000 is also exempt from the payment of tax as a person can claim a rebate under section 87 of the Act. Thus, the total income up to rupees five lakhs is immune from tax liability under both regimes.

Tax incentives: The attractive tax slabs under the new regime come with a conditional clause that, the tax exemptions and deductions that usually aid in reducing the tax liability, available under the Act cannot be claimed. An individual opting for the new regime has to forgo nearly 70 tax incentives available under the Act. Whereas, under the existing regime the tax liability can be greatly reduced by availing various tax incentives.

From the data extracted from the finance ministry, *About 55 million individual ITR filers claimed deductions and exemptions of approximately ₹4.4 trillion under Chapter VI-A and Section 10A/10AA. If we were to take other popular deductions and exemptions into account, even those earning a gross income of up to ₹10.25 lakh can easily reduce their returned income*

to below ₹5 lakh. Note that 90% of the total ITR filers had gross income of up to ₹10 lakh in AY19[16]. Though the revenue generated through taxes is used for the welfare of the society at large, the government from the inception of the income tax law has always stressed on providing various deductions and exemptions. By granting tax incentives the government suffers a huge financial loss. Tax incentives provided under the Act are not just a tax saving scheme. A lot of research is done before every budget and incentives are introduced as reforms in the Indian law to bring in a wholesome economic development. E.g. incentives to promote child education, investment in an industrially backward area, etc. The thrust for reforms differs from time to time depending on the development strategy and philosophy of the times.

Though the new regime has killed the law in its spirit, it would be advantageous for people with low investments and liabilities. Few experts claim that *the exclusion of 70 exemptions helps in curtailing income tax frauds. There are many cases where people have inflated their tax returns for claiming more tax refunds. However, with a majority of exemptions gone under the new regime, the scope of misusing exemption rules also reduces*[17].

Flexibility: As the concessional tax regime is an optional scheme, taxpayers shall have the flexibility to switch between the regimes every financial year depending on their financial activities that year. But, the assessee shall be cautious on choosing the regime before filing returns. This flexibility to switch between the regimes would pave way for better tax management.

Tax planning: Efficient tax planning facilitates the taxpayer to reduce the tax liability to the lowest by taking advantage of all tax exemptions, tax-saving pattern, chapter VIA deductions, rebates and allowances while ensuring that the taxpayers' investments are in line with long-term goals. This is possible only in the existing regime. Under the alternative tax regime, there is no much scope for planning as it is just paying tax on the income without claiming incentives. But, a taxpayer must compare the tax payable under both regimes while exercising the option to choose between the two regimes and it depends on the savings and expenditure pattern of

[16] Ashwini Kumar Sharma, "Only a few taxpayers may benefit from new regime", Mint, 03.02.2020, Available at: https://www.livemint.com/money/personal-finance/only-a-few-taxpayers-may-benefit-from-new-regime-11580743925518.html (visited on: 26.05.2021).

[17] "Explained: Benefits and drawbacks of new income tax regime", India Today, 06.02.2020, Availabe at: https://www.indiatoday.in/business/story/explained-benefits-and-drawbacks-of-new-income-tax-regime-1643833-2020-02-06 (visited on: 26.05.2021).

the taxpayer and is part of tax planning. But its effectiveness can only be assessed in the long run.

In a study to find out the benefit of a new tax regime between salaried and non-salaried taxpayers, It was concluded that the alternate regime would benefit non-salaried taxpayers more than their salaried counterparts. Individuals at the income levels of rupees ten lakhs and above would benefit here substantially, but the number of assessees is very low. That's because such taxpayers have fewer exemptions under the existing regime and thus fall under a higher income slab.[18] Thus, tax saved under the new regime shall be more than the deductions foregone by not claiming them. Other non-salaried individuals shall neither find it useful nor useless as the tax liability under both regimes would be similar. This could be substantiated with the data released by the Central Board of Direct Taxes in October 2019 for the assessment year 2018-19[19] that listed the number of individual taxpayers with business income who filed returns at 8.7 lakh. That's less than two percent of the total number of individual taxpayers who filed returns. As many as 1.9 crore individual taxpayers earning business income reported annual income of less than Rs 5 lakh.

Moreover, The Finance Minister quoted that *In the new tax regime, the substantial tax benefit will accrue to a taxpayer depending upon exemptions and deductions claimed by him. For example, a person earning ` 15 lakh in a year and not availing any deductions etc. will pay only `, 1,95,000 as compared to `, 2,73,000 in the old regime. Thus his tax burden shall be reduced by 78,000 in the new regime. He would still be the gainer in the new regime even if he was taking a deduction of ` 1.5 Lakh under various sections of Chapter- VI-A of the Income Tax Act under the old regime*[20]. This shall not be true in all cases. The estimated gains here are blown up for the reason that they assume the net income to continue the same under the new regime. But, under the new regime, net income may go up without a change in the total income because all tax incentives claimed earlier shall now become taxable and dilute the gains from the lower rate. in some cases, it might increase the tax liability too[21].

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[18] "Non salaried taxpayers may benefit more from new tax regime", The Bloomberg Quint, 06.02.2020, Available at: https://www.bloombergquint.com/business/budget-2020-non-salaried-taxpayers-may-benefit-more-from-new-tax-regime. (visited on: 26.05.2021).

[19] Ibid.

[20] Government of India, Report: *Budget Speech 2020* para 115 (Ministry of Finance). Available at: https://www.indiabudget.gov.in/doc/bspeech/bs202021.pdf (visited on 26.05.2021).

[21] " New tax regime will save you hassle: not money", Times of India, 02.02.2020, Available at: https://timesofindia.indiatimes.com/business/india-business/new-tax-regime-will-save-you-hassle-not-money/articleshow/73856343.cms (visited on: 26.05.2021).

Easy compliance: The new regime is simple as proposed and the taxpayer can simply quote the income earned in that year and pay tax. No complex process of calculations involved as compared to the existing regime where the assessee needs to quote the gross income and then subtract all the deductions and pay tax. Hence, there shall be no worries about complex filings and mistakes can be minimal for a person choosing a new regime if one has no or low investments. Thus, the new regime might save one from the hassle and not the money. But, in the real case scenario, to find which regime suits an individuals' financial pattern, one needs professional assistance to guide through. It is also viewed that in a drive to keep the taxing procedure simple the government has failed to comply with the canon of simplicity as discussed below.

2.10 CANON OF SIMPLICITY

The ultimate goal of every government is to make an ideal taxation system. The Indian Income Tax Act, 1961 has undergone many amendments in the previous years to attain this goal. Most of the times, the amendments are made on the pretext of simplification of the law and, the introduction of a concessional tax regime is one such move. In the book 'We, the People'[22] Shri N. A. Palkhivala has mentioned the objectives behind any tax system as, *"In modern times the objective of the taxing system stand as to attain social justice, consistency with economic goals, ease of administration and compliance, and revenue adequacy."* Though the amendments are made to attain the intended objective, they are not necessarily achieved every time and also fail to adhere to the canons of taxation.

The Finance Minister, in the 2020 budget speech on introducing the concessional tax applicable to individuals states that *"In order to simplify the income tax system, I have reviewed all the exemptions and deductions which got incorporated in the income tax legislation over the past several decades. It was surprising to know that currently more than one hundred exemptions and deductions of different nature are provided in the Income-tax Act. I have removed around 70 of them in the new simplified regime. We will review and rationalise the remaining exemptions and deductions in the coming years to further simplify the tax system and lower the tax rate"*[23]. She also added, *"We have also initiated measures to prefill the income tax return*

[22] N.A. Palkhivala, "We, the people - India - The largest Democracy" 89, 90 ,T. N. Shanbhag, Strand Book stall, Dhannur, Sir Pherozeshah Mehta Road, Fort Bombay (1984)

[23]Government of India, Report: *Budget Speech 2020* para 115 (Ministry of Finance). Available at: https://www.indiabudget.gov.in/doc/bspeech/bs202021.pdf (visited on 26.05.2021).

so that an individual who opts for the new regime would need no assistance from an expert to file his return and pay income tax".

Thus the above statement indicates that the government has made an amendment without proper research and has removed various tax incentives provided under the act without any base but only to simplify the tax regime. The deductions removed under the new regime are those that were introduced at different times into the act with a particular social and economic view and were benefitting a larger scale of people especially the middle class. Simplification does not mean removing them totally from the act. One must have done a good review on them and made some groundwork before doing so. But, this amendment has failed at the base and has in a way made the compliance process more tedious, as the taxpayer now is obliged to spend more time in choosing between the regimes and doing calculations.

Unfortunately with every attempt at simplification, the Income-tax Act of 1961 has become more complicated and ambiguous. The history proves that simplicity here means, withdrawal of provisions from the Act without adequate reasoning, again re-introducing it in some year and again deleting it in some other year. Over the life of the Income-tax Act of 1961, hundreds of instances can be put forth, where an attempt of simplicity has led to complexity and an increase in the volume of the Act.

Eg 1: A study into changes made in the definition of 'previous' year from the assessment year 1989-90 is worth noting. For over sixty years the replaced definition was there in the statute book. At its inception it was a difficult provision to understand, but, over time and with the constant application when the concept had become clear to the assesses there came the changeover to the uniform previous year for all assesses and for all sources of income. This changeover has now made things more complicated for India as various assesses have various accounting year — some ending on Diwali Day, some on the Ram Navami Day and so on and further, the Companies Act of India allows a corporation to 5 have accounting year different from its previous year.

Eg 2: Expenditure in respect of handicapped dependent was dealt with by Section 80B which was inserted by the Finance Act of 1965, with effect from 1st April 1965. Section 80S was deleted and in its place Section 80D was introduced by the Finance Act of 1967, with effect from 1st April 1968, Section 8OB was deleted by the Finance Act, in 1984 from the assessment year 1984-85. The deduction has again been re-introduced by the Finance Act of 1990, but this

time not under Section 80B of the Income-tax Act of 1961 but under Section 80DB, Not only the Section under which the deduction is to be claimed has changed but also the criterion required to be fulfilled to claim the deduction has been increased and made more complicated.

The concessional tax regime is now added to the list of this complex process, failed to fulfil its intended objective and in the pretext of complying with the canon of simplicity, it has failed to adhere to the canon of convenience and clarity and has made the process of tax assessment complex.

2.11 CONCLUSION

The concessional tax introduced is fresh in its own way and has been put to use only in this assessment year. Though it is too early to assess its impact, the prospective critical analysis is very important for the proper development of the scheme. The research paper approaches the research in this sense. As the concessional tax regime did not pick up the way it was estimated, the government officials report that there are few considerations to add on more incentives in the new regime. There was much anticipation about this during Budget 2021, but it had nothing relating to it. To add on, The pandemic has made the economy shrunk and has kept the people away from financial activities which have substantially reduced the reach of the new amendment. On working out the tax liability under both regimes, it is found that in some cases, it might lead to higher tax liability though taxed at lower rates than the existing regime. The Government shall take some prompt steps to promote it and make it a little more attractive.