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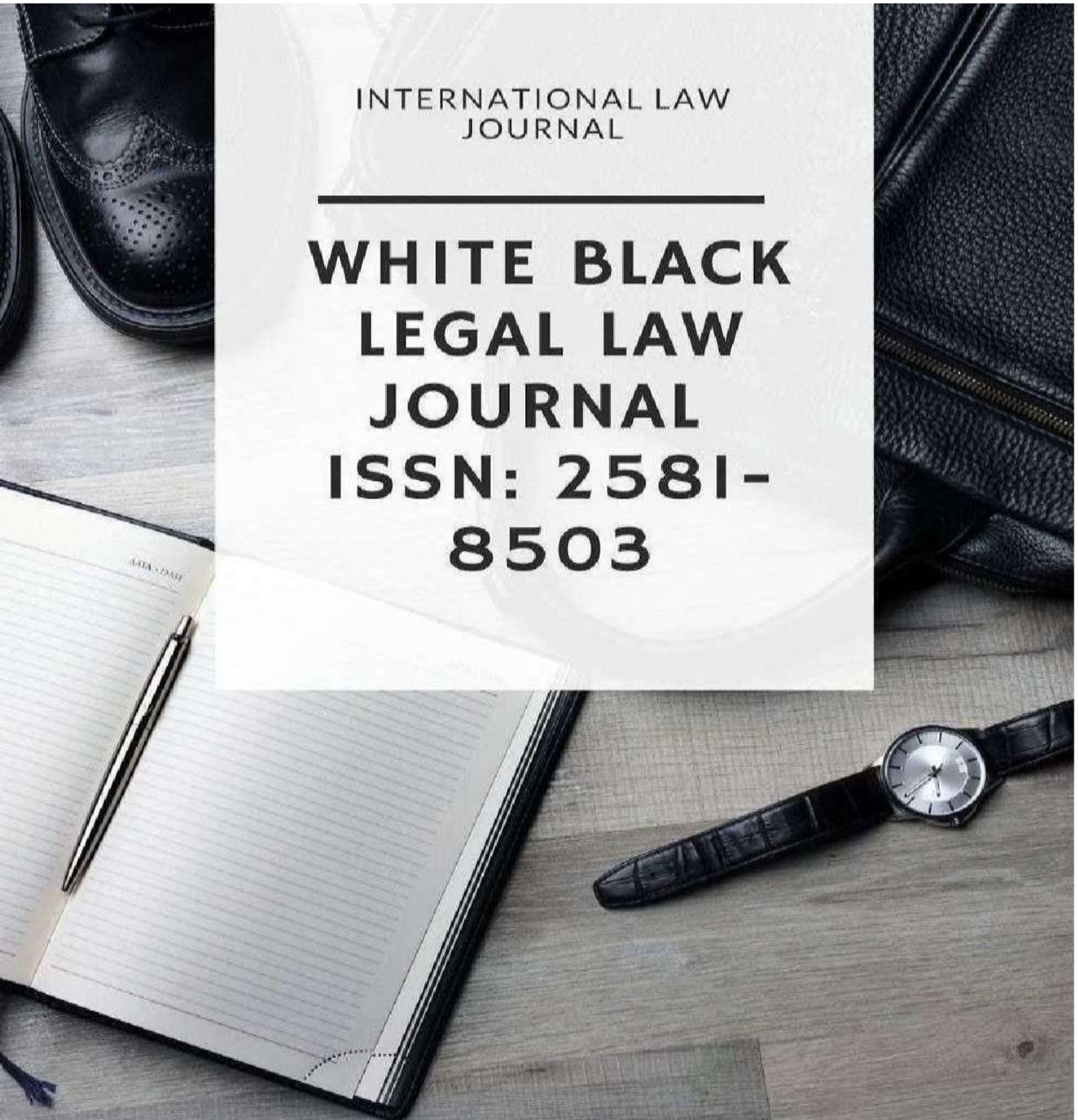

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ABOUT US

WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal providededicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

TAX REFORMS IN BUDGET 2024 AND 2025: ARE THEY SIMPLIFYING THE TAXES OR COMPLICATING THEM

AUTHORED BY - DEEKSHA SINGH[1] & SUSMITA SAHA[2]

1. Abstract

Tax reforms are instrumental in determining the economic policies of a nation, influence individuals, corporates, and foreign investors. The Indian Union Budgets for 2024 and 2025 propose various changes in direct and indirect taxation with a view to improve compliance, increase economic growth, and revenue collection. The paper will analyse the effect of the tax reforms proposed in Budget 2024 and Budget 2025 on taxpayers.

The paper presents an interpretation of the changes in tax policies in both the budgets by pinpointing the changes in income tax slabs, corporate taxes, Goods and Services Tax (GST), and customs. This will be followed by a comparison with the reforms in order to check whether they reduce the complexity in taxation or complicate it more for the taxpayers. The study further digs into implementation challenges of these reforms in terms of making tax filing difficult, increasing compliance burden on businesses, and enforcers' challenges.

An assessment is to be made to ascertain whether these tax reforms have simplified or complicated tax filing and payment for individuals and businesses. The paper also assesses whether the reforms promote foreign investment or act as deterrents. Lastly, the study concludes by presenting the findings and making recommendations on how tax policies and their implementation can be improved.

By analysis this, the study will help in determining whether the tax reforms in Budget 2024 and Budget 2025 have made taxation easier or created more complications for taxpayers and policymakers alike.

Keywords: *Tax Reform, Budget 2024, Budget 2025, Tax Compliance, Taxpayers.*

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2. Introduction

2.1. A. Tax:

Taxation is an integral aspect of any countries economy as it generates revenue to finance public sector and national development. A tax is a compulsory or a mandatory financial charge which are being imposed by the government on individuals, business, and organisation. It is necessary for the government to impose tax on individual or on business to finance or for the funding of infrastructure, healthcare, education, defense, and social welfare programs. Without these taxes the government will not have enough or sufficient funds to supply basic services, or will able to uphold the law and order and will not able to ensure economic stability.

2.1.B. Importance of Tax:

Taxes are very important for the economic development and stability. They help in the redistribution of wealth, lowering the income inequality, and further helps in financing important public services. Government would not be able to offer such basic facilities such as road, schools, hospitals, and security, if they do not collect taxes which they use as revenue for providing public services. Taxes also helps in controlling the inflation and further stabilizing the economic fluctuations by adjusting its expenditures and revenue collection. Additionally, it also helps in promoting responsible business operations, as business or the organisations have to mandatorily comply with the tax policies while contributing to the economy otherwise, they will face the penalties.

2.1.C. Types of Tax:

Taxes may be categorized under Direct taxes and Indirect taxes:

a. Direct Taxes: these are those taxes which are paid directly by individuals or by organisations to the government. They consist of:
   i. Income Tax: these are being paid by the individual on their income.
   ii. Corporate Tax: the business pays taxes on their profits.
   iii. Wealth Tax: this type of tax is being paid by persons who has large net worth.
   iv. Capital Gain Tax: taxes are being charged on gains from selling of assets.
b. Indirect Taxes: They are those taxes which are being collected by intermediaries (such as business) for and on behalf of the government. They include:
   i. Goods and Service Tax (GST): They are imposed taxes on the supply of services and goods.

ii. Customs Duty: the taxes are being imposed on the export and import of goods.

iii. Exercise Duty: the taxes are being imposed on the manufacturing of specified goods.

These two forms of taxation are necessary in economic administration, ensure tax revenue collection as well as guiding consumption patterns.

2.1.D. Why we need to Pay Taxes?

Paying taxes is a civic responsibility and a legal obligation. Governments invest tax money on various services in order to ensure citizens' well-being. Some of the important reasons for paying tazes are:

i. Public Infrastructure: the taxes which are being collected are used in financing road, bridges, and public transportation.

ii. Health and Education: the taxes which are being collected are used in funding hospitals, schools, and universities.

iii. Defense and Security: The collected taxes are used in military and law enforcement to ensure national safety and security.

iv. Welfare Programs: helping the poor, elderly and unemployed.

v. Economic Growth: Taxes are being invested in industries, research and for employment generation.

Without taxation, the government will not have enough money to maintain law and order, or will not able to develop the country and will not able to support its people.

2.2.A. Budget:

A Budget is a financial plan which outline the government's expected revenue and expected expenditure for a specific period of time, typically a fiscal year. It is a guide for managing the economy while ensuring the proper allocation of resources and keeping up with the financial stability. A properly planned budget indicates the priorities and policies of the government while addressing the economic needs of the country.

2.2.B. Constitutional Provision of the Budget:

In India, the Union Budget is submitted every year under Article 112 of the Indian Constitution, which requires the government to lay before both houses a statement of estimated receipts and expenditure. The following constitutional provisions are also applicable:

i. Article 265: Provides that no tax can be imposed without a legal basis.

ii. Article 110: Specifies what constitutes money bill is and which comprises tax proposals and government expenditure.

iii. Article 280: Makes arrangements for the Finance Commission which suggests tax-sharing between the centre and the state.

These provisions provide for legal and constitutional governance in taxation and budgeting.

2.2.C. Need of Budget:

A national budget is important for economic governance and planning. It assists in:

1. Efficient allocation of resources: budget helps in ensuring that the money is being spend on national priorities such as healthcare, defense, and infrastructure.
2. Public Debt Management: regulating borrowing and enforcing fiscal restraint.
3. Encouraging Stability in the Economy: adjusting spending to control inflation and stimulate growth.
4. Fostering Social Welfare: offering subsidies and monetary help to the poor.
5. Maintaining Transparency and Accountability: Sustaining public finances under control and avoiding misappropriation of resources.

2.2.D. Main purpose and objective of the Budget:

The budget tries to meet multiple goals, namely:

i. Revenue Collection: taxing and other forms of revenue for financing government activity.

ii. Economic Development: inviting investments, employment, and business growth.

iii. Social welfare services: Financing health, education, and social security schemes.

iv. Check on inflation: Managing supply of money in order to check inflation or deflation.

v. Budgetary Discipline: controlling for sound expenditure and curbing fiscal deficits.

An efficient budget should represent the economy's vision of the government along with policy inclination.

2.2.E. Tax reforms and their role in the economy:

Tax reform refers to alteration or changes in the tax law in order to improve and increase the efficiency, simplify the tax structure and ensure fair revenue collection. These tax reforms may include modifying tax rates, introducing new taxes, or eliminating any outdated provisions. Tax reforms plays an important role in economic development since they:

i. Promote Compliance: a simplifies tax system will helps in reducing tax evasion and enhance revenues.
ii. Increase Business development: reduce tax rates on businesses which result in increased investment and employment.
iii. Increase foreign investment: a fair, transparent and simplified tax regime draws foreign companies to invest in India.
iv. Fosters social justice: progressive taxation allows for more affluent groups to contribute more to national progress.
v. Increase government revenues: guaranteeing sustainable collection of revenue without unduly taxing people.

Over the last few years, the Indian Government has been stressing tax reforms like GST, Corporate tax cuts and digital tax compliance to enhance economic efficiency.

4. Purpose of this research paper

The research paper analyses the tax reforms which are being introduced in Budget 2024 and Budget 2025 and also discuss their implications on individuals, corporate and the economy at large. The paper tries to find out whether the reforms make taxation easier or increase the burden. The study looks into the changes which are made into income tax, corporate tax, and GST along with its challenges in implementation and enforcement. By comparing both the budgets, the study evaluates their congruence with economic goals like ease of doing business, generation of revenues, and fiscal health.

5. Research Question

1. What tax reforms are being introduced in Budget 2024 and Budget 2025?
2. How the tax reforms affecting individuals, businesses, and foreign investors?
3. How do these tax reforms are aligning with the government's goals which includes revenue collection, economic growth, and ease of doing business?
4. What challenges are being faced during enforcing and implementing of these tax reforms?

6. Research Objective

1. To analyse the reforms which are introduced in Budget 2024 and Budget 2025.
2. To examine the effect of these reforms on individuals, business, and foreign investors.

3. To determine whether these tax reforms are aligning with the goal of the government.
4. To find out the difficulties that the taxpayers and the government facing in enacting these reforms.
5. To determine if these tax reforms leading simplification of compliance or bringing more complexity in compliance.

7. Research Methodology

The paper uses doctrinal and comparative research methodology to examine tax reforms in Budget 2024 and Budget 2025. It analyses legal and policy papers, such as government Budget document, tax law, and amendments thereto. A comparative analysis is done to evaluate similarities and differences, and effect of these reforms on individuals, firms and foreign investors. Primary sources are government budget document and tax laws, whereas secondary sources are research studies and expert analysis. The evaluation considers policy reforms, compliance issues, and implementation difficulties to establish whether the reforms make taxation easier or add complexities for taxpayers and administrators.

8. Literature Review

India's taxation system has been known for its overly complicated, and confusing to both taxpayers and business entities in the process. Every time the budget is announced, the government tries to deal with these issues by establishing a more simpler, transparent and eco friendly system. The 2024 and 2025 Union Budgets represented major milestones in this regard, seeking to make compliance more simpler, tries to attract foreign investment and tries to strengthen India's position as a global economic force.

One of the most prominent Budget 2024 discussion was by an article Budget 2024: A bold agenda to simplify India's tax framework published in International Tax Review, outlined the governments ambitious agenda to simplify India's tax system.[3] The article noted that the budget set out several proposals for cutting litigation and making compliance easy for individuals and business. By emphasizing clarity and simplifying the bureaucratic obstacles, the reforms aimed to make India more appealing as an investment location. This view reflect in a number of financial and policy analyses and underlining how tax reforms could create long-term

[3] Ritu Shaktawat, Viraj Doshi, *Budget 2024: A Bold Agenda to Simplify India's Tax Framework*, INT'L TAX REV. (2024), https://www.internationaltaxreview.com/article/2dldabizj4kbtv2m6imf4/direct-tax/budget-2024-a-bold-agenda-to-simplify-indias-tax-framework

economic gains.

As India transitioned to the next stages of policy development Budget 2025 was considered a game-changer. A Grant Thornton Bharat article portrayed it as a watershed moment for India's taxation, placing the nation in the league of competitive global economics.[4] The budget brought rationalization of taxes rates, a wider tax base, and technology enabled compliance mechanisms. These measures were designed to make taxation more certain and to make it easier for domestic as well as international businesses to conduct business in India. The government's determination for reform was also seen in the new Income Tax bill 2025 being introduced. Archana Rao of India Briefing gave detailed account of this proposal bill, which was aimed at substituting the aging Income Tax Act of 1961.[5] With simplified provisions, keeping present tax slabs in place and prolonged timelines for correcting tax returns, the bill was intended to bring lucidity and minimize unnecessary litigation.

Although direct tax reforms were the focus of these budgets, the government also aimed to tackle issues pertaining to indirect tases. Financial times report suggests that there were plans to rationalize GST rates, a much-awaited reform to remove inconsistencies from the system.[6] By simplifying the taxes and tackling compliance issues, the government aimed to simplify the tax environment for businesses to operates in. but even amid these encouraging improvements, there were still some fears. Another article in the Financial Times reported continuing business frustration about India's regulation.[7] The phase tax terrorism was used very often mentioning arbitrary tax claims and the regulatory red tape in which many corporations continued to entangled themselves. This raised concerns regarding the actual applications of reforms and whether or not they would actually deliver the aim of a less complicated and more equitable tax system.

As the discussion progressed, it was apparent that India's tax reforms were still work in

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[4] Sachin Sharma, *Budget 2025: A Game-Changer Moment for Tax Reforms to Position India as a Leading Global Economic Force*, GRANT THORNTON BHARAT (2025), https://www.grantthornton.in/insights/articles/budget-2025-is-game-changer-moment-for-tax-reforms-to-position-india-as-leading-global-economic-force/

[5] Archana Rao, *India's New Income Tax Bill 2025: An Overview*, INDIA BRIEFING (2025), https://www.india-briefing.com/news/indias-new-income-tax-bill-2025-an-overview-36160.html

[6] *Coming Soon: Lower GST Rates in India*, FIN. TIMES (2025), https://www.ft.com/content/5ea26dff-4e38-4f2f-88e5-6a021de0862c

[7] *Businesses Bemoan Indian "Tax Terrorism" and Red Tape*, FIN. TIMES (2025), https://www.ft.com/content/ac3e2fd0-4697-48b4-9bf7-6c2d7d02247e

progress. Though the vision of the government is to have simpler and business-friendly tax environment, the success of these reforms would entirely lie on their implementation and the capacity to deal effectively.

9. Limitation of the Study

1. Lack of Empirical Data: The study primarily is basically based on secondary data, as conducting an empirical study will take a lot of time.
2. Policy Changes: Any future amendments made into the tax policies may alter the findings and the conclusion of this research.
3. Sector-Specific Limitations: The paper provides a general analysis of the budget and does not cover any industry-specific tax implications.
4. Geographical Scope: The study only focuses on India's tax reform and does not include a global comparison with other countries.
5. Time Constraint: The research is based on data which are currently available and which may not reflect long-term economic effects.

10. Analysis of the Topic

10.1. Overview of Tax Reforms in Budget 2024:

The Union Budget 2024 has introduced remarkable tax reforms which aimed at simplifying tax system, enhancing compliance, and offering relief to tax payers. The prime modification was made in Direct and Indirect taxation, with particular emphasis on rationalizing tax rates and upgrading economic growth.

A. Direct Tax

1. Increased Standard Deduction and Family Pension Deduction in the New Regime: The standard for salaried taxpayers was raised from Rs 50000 to Rs 75000, and a family pension deduction for individuals with pension income has been raised to Rs 25000 from Rs 15000 if they opt for taxation under the new regime.

2. Revised Income Tax Structure: This income slab were reorganized to make the new tax regime simpler

Income slab	Rate
Up to ₹ 3,00,000	Nil
₹ 3,00,000 to ₹ 7,00,000	5 %

₹ 7,00,000 to ₹ 10,00,000	10 %
₹ 10,00,000 to ₹12,00,000	15 %
₹ 12,00,000 to 15,00,000	20 %
Above 15,00,000	30 %

These charges were intended to cut the tax burden on middle-class earners and encourage consumption.

3. Simplification of Taxation in Capital Gain: The rate of tax on Short-term capital gains on shares, mutual funds, and property was raised from 15% to 20%. The rate on Long -term capital gains was increased from 10% to 12.5%. The exemption limit was enhanced from 1 lakh to 1.25 lakhs.
4. Change in Tax Deducted at Source (TDS) rates: The TDS rates of insurance commissions, life insurance policy premiums, rent payment, and commission or brokerage payments was decreased from 5% to 2%. For e-commerce operator's payments to participant, the rate of TDS was reduced from 1% to 0.1 %.
5. Abolishment of Angel Tax: The provision of Angle Tax under section 56(2) (viib) has been proposed to be removed, which was earlier imposed on investment in excess of fair market value of shares in unlisted companies, thus promoting investment in startups.
6. Corporate Taxes on Foreign Companies: Corporate Tax is basically imposed on companies net income or on the profit that the company earned. In the Budget 2024, Corporate Tax was reduced from 40 % to 35 %.
7. Deduction increased on Employer's Contribution to Pension Scheme: Under Section 80CCD of the Income Tax Act, 1961, it provides a deduction up to 10 % but it was changed in Budget 2024 and has now increased the limit of deduction to 14 % of the salary of the employee.
8. Other Tax Updates:
   (a) Reopening of ITR- Only in case of a Escape Income of Rs 50,000 and more can an assessment be reopened beyond 3 years from the end of the Assessment year for a maximum period of 5 years and in case of Search cases, the time limit of 10 years is reduced to 6 years.
   (b) Appeal in Income Tax – in order to reduce the number of pending cases, the monetary limit for filing a case have been increased to Rs 60 lakhs to tribunals, Rs 1 crore to High Court and Rs 2 Cr to Supreme Court.

(c) Vivaad se Vishwas Scheme: A new scheme was also introduced to settle the income tax dispute and eliminate litigation

B. Indirect Tax

1. Customs Duties Reductions:
   - **a.** Custom Duty on Gold and Silver was reduced from 15 % to 6 %.
   - **b.** Custom Duty on Platinum was reduced from 15.4% to 6.4 %.
   - **c.** Custom Duty on Broodstock, polychaete worms, shrimp and fish feed was reduced from 10 %, 30 %, 15 % respectively to 5%.
2. Exempted from Custom Duty:
   - a. Alkali or alkaline earth metals, 25 rare earth minerals in which 5 % custom duty is to be paid but now in the budget it was exempted from custom duty.
   - b. Capital Goods for manufacturing of solar panel in which 7.5 % custom duty is to be paid is now exempted from custom duty as per budget 2024.
   - c. Cancer drugs (Trastuzumab Deruxtecan, Osimertinib and Durvalumab) in which 10 % custom duty is to be paid is now exempted from custom duty as per budget 2024.
   - d. Ferro nickel and blister copper removed from custom Duty.
3. Increase in the rate of Custom Duty:
   - **a.** On PVC flex banners the custom duty was raised from 10% to 25 %.
   - **b.** On PCBA of specific telecom equipment's the custom duty was raised from 10 % to 15 %.
4. Major GST Reforms and Amendments:
   - a. Undenatured Extra Neutral Alcohol which are being used for manufacturing of alcohol for human consumption is now kept out of the purview of GST.
   - b. A new section 74A was introduced to determine
     - i. Tax not paid:
     - ii. Less amount of tax paid:
     - iii. Tax erroneously refunded
     - iv. Input tax credited wrongly
   - c. Section 11A is being introduced to give power to the government to regularise non-levy or short levy of central tax due to any general practice.
   - d. A new item is added under the blocked credits u/s 17(5).

e. ITC is not allowed on taxes paid under section 74 for demands up to F.Y. 2023-2024, removing references to section 129 and 130 of the CGST Act.
f. A new provision is added in section 30 of the CGST Act which talks about the additional conditions and restrictions for revocation of GST registration cancellation
g. Section 31(3)(f) is being amended and put a time limit to issues invoices by the recipient for RCM supplies.
h. GSTR -7 has to filled for TDS under GST irrespective whether or not TDS is deducted.
i. If a summons issued by the GST officer under section 70(1A), then the summoned person can authorise another person to appear on his behalf.
j. The penalty shall be redetermined in a notice u/s 74 A where it is proven that there is no longer a case of fraud, wilful misstatement or suppression of facts.
k. The government can notify the types of cases for hearing by the Principle Bench of the Appellate Tribunal by amending Section 109.
l. Section 146 states that no refund shall be made to the tax paid or the input tax credit reversed, which would not have been so paid, or not reversed had the said clause 114 been in force at all material times.

These changes made in Budget 2024 in order to create a more transparent, straightforward, and taxpayer-friendly system fostering economic growth and investment.

Overview of Tax Reforms in Budget 2025:

The Union Budget 2025 was introduced to simplify tax system, enhancing compliance, and offering relief to tax payers. The prime modification was made in Direct and Indirect taxation, with particular emphasis on rationalizing tax rates and upgrading economic growth.

A. Direct Tax

1. Introduction of a new tax bill: A new Income Tax Bill was proposed to be introduced by replacing the "Income Tax Act, 1961" in order to reduce the complexity of tax law by up to 60%.

2. Changes in Tax Structure Under the New Regime: The income tax slabs were reorganized to make the new tax regime simpler

Income slab	**Rate**
Up to ₹ 4,00,000	Nil

₹ 4,00,000 to ₹ 8,00,000	5 %
₹ 8,00,000 to ₹ 12,00,000	10 %
₹ 12,00,000 to ₹16,00,000	15 %
₹ 16,00,000 to 20,00,000	20 %
Above 20,00,000	30 %

3. Increase in Rebate u/s 87A: The rebate has been increased from Rs 25,000 to Rs 60,000 which means that individual up to income Rs 12,00,000 will now be eligible for complete tax rebate.
4. Rationalisation of TDS/TCS: The TDS limit was increased from ₹50,000 to ₹1 lakh on interest for senior citizens and on the rent it was increased from ₹2.40 lakh to ₹6 lakh.
5. Extension of Time-limit for ITR -U: The time limit to file updated ITR – U was extended from 2 years to 4 years, helping the taxpayers with more time to rectify there any omissions or mistakes.
6. Withdrawal of Amount from National Saving Scheme (NSS**):** withdrawal of any amount from NSS from August 29, 2024, will now be exempted from tax and promoting savings and providing liquidity.
7. Extension of Tax Benefit under 80CCD (1B) to contributions made to NPS vatsalya accounts: ₹50,000 deductions will be available if contributed to NPS vatsalya accounts.
8. Omission of Section 206AB and 206CCA: These two sections deal with the higher TDS/TCS rates for non-filers of income tax returns, which were now in the Budget 2025 were omitted to simplify the tax compliance framework.
9. Extension of Deadline for Eligible Start-ups: The tax benefit which were avail to start-ups till 2025 was now extended to 2030 in order to promote innovation and entrepreneurship.
10. Introduction of Section 44 BBD: A new section is to be inserted to introduce a presumptive taxation scheme specially for non-resident who provide services or technologies to Indian Companies engaged in electronic manufacturing. 25 % of the amount paid or received from such services will be under the purview of taxation.

11. ULIP s to considered as Capital Assets: Unit-Linked Insurance Plan (ULIPs) are now will be considered as capital assets if the premium paid exceeds 10% of the policy sum assured. Additional any securities u/s 2(14) held by investment funds u/s 115 UB will also be treated as capital assets.

12. Introduction of Arm's Length Price Scheme for International Transactions: An Arm's Length Price Scheme was introduced for international transaction by the government over a block period of 3 years. This approach is designed to simplify transfer pricing regulations and offer an alternative to the annual examination process typically required for such transactions.

B. Indirect Tax

1. Rationalisation of customs tariff and Duty Inversion: 7 more tariff rates were removed and only leaving 8 rates including Zero rates.

2. Healthcare Relief – Duty Exemptions on Medicines: Basic Custom Duty on 36 lifesaving drugs or medicines is being exempted in order to provide relief to patients, particularly those who were suffering from cancer, rare diseases, and other severe chronic diseases.

3. Boosting Domestic Manufacturing –

   a. Exemption from Custom Duty was given on 25 critical minerals which are not available in the domestic markets.

   b. Full exemption was given on two additional types of shuttles-less looms for technical textiles.

   c. The rate of Interactive Flat Panel Display was increased from 5% to 10% in order to rectify the inverted duty.

   d. Manufacturing of 35 capital goods for EV battery were exempted.

   e. Raw materials which are consumables for shipbuilding are being exempted from custom duty for another 10 years.

4. Export Promotion Initiatives:

   a. In case of handicrafts, the export time extended from 6 months to 1 years and 9 more duty free inputs added to the list.

   b. Custom Duty is being fully exempted from Wet Blue leather in order to boost domestic production.

   c. In order to enhance export custom duty on frozen paste was cut down from 30% to 5%.

5. Key Customs Reforms for Trade Facilitation:
    a. To finalise provincial assessments a 2 years of new time limit was introduced.
    b. A new voluntary compliance initiative of importers and exporters was introduced in which they can declare material facts and pay duty with interest but without penalty.
    c. Time limit for utilising imported inputs extended from six months to one years.
6. Amendments in section 107 and 112 of the CGST Act, 2017: In both the section 10% mandatory pre-deposit penalty amount for appeals before appellate authority in cases where only demand of penalty without any demand for tax.
7. Insertion of new section 122B of the CGST Act: Contravention section for Track and Trace Mechanism was added with provide penalty.
8. Amendments in Section 34 of the CGST Act, 2017: sub-section 2 of section was amended to explicitly provide for the requirement of reversal of corresponding input tax credit in respect of a credit note.
9. Amendment in Section 38 of the CGST Act, 2017: Sub section (1) was amended to omit the word "autogenerated" indicating that the ITC statement may no longer be entirely system-generated.

These changes were made in Budget 2025 in order to create a more transparent, straightforward, and taxpayer-friendly system fostering economic growth and investment and also government commitment in creating a more efficient tax system.

10.2. Influence of Tax Reforms on Individuals, Business and Foreign Investors:

The reforms of tax which are proposed in Budget 2024 and Budget 2025 have a important effect on different sectors such as:

A. Effect on Individuals:
    i. Tried to reduce the tax burden: The modification that is being done in the tax slab under the new tax system which has lowered the tax liability by offering relief to middle-class and salaried taxpayers.
    ii. Increase in the Deduction and Rebates: The increase in standard deduction, family pension deduction and rebate helps individuals to have higher disposable income.
    iii. Ease in Compliance: As TDS and TCS rates have been rationalised and have given longer tome for filling revised ITR, it leads to ease in compliance.

iv. Encouragement in Savings and Investments: Exemption provided for withdrawal of money under NSS and tax relief provided under Vatsalya Accounts shows encouragement for more savings and investments.

v. Reasonable Healthcare: custom duty on many medicines have been exempted thereby making it affordable for the individuals in healthcare sectors.

B. Effect on Business:

i. Incentives on Start-ups: Tax relief has been extended till the year 2030 which shows that government wants to promote innovation and entrepreneurship.

ii. Reduction in Corporate Tax: Reduction in Corporate Tax from 40% to 35% shows that it wants to boost the company's profitability.

iii. Ease in Compliance: Abolition of section 206AB and 206CCA shows that compliance for the company or business has been ease.

iv. GST reforms for trade facilitation: Amendment in Section 107 and 112 to reduce pre-deposit penalties in tax appeals shows favouring in business litigation.

v. Boost in Domestic Manufacturing: exemption of custom duty on many materials, such as EV batteries, textiles, shipbuilding shows boost in domestic market.

C. Effect on Foreign Investment:

i. Attraction of Global Investors: By simplifying the capital gain tax and exempting angle tax make the environment more investor-friendly.

ii. Stability in Pricing Transfer: The implementation of the Arm's Length Price Scheme for cross-border transaction gives clarity to foreign companies which helps in minimising the disputes.

iii. Incentives given in Foreign Business: Preferential rates of corporate tax and import duty exemptions are enhancing India's appeals as a site for international companies.

iv. Streamlined Import and Export Procedures: Rationalised custom duties and duty exemption helps in increasing the competitiveness of India's trade.

10.3. Alignment with Government Aims:

Budget 2024 and 2025 tax reforms align with the main government aims such as:

A. Revenue Mobilisation:

a. Widening the Tax base: Tax simplification through flatter tax slabs and more rebates helps to draw in more taxpayers to the system to achieve enhanced compliance and future revenue predictability.
b. Presumptive Taxation of Non-Residents: Section 44BD which includes additional foreign companies adds income to the government.
c. Extension of ITR -U: Giving taxpayers four years to correct returns makes it easier for the government to realise missed revenues.
d. Tax Revisions on Capital Gains: Increasing tax rates for short-term and long-term capital gains adds to revenue collection.

B. Economic Growth:

a. Tax Reduction for Individuals and Corporates: Reduced in the corporate tax rates, increasing standard deduction and eased compliance enhance consumer expenditure and business growth.
b. Support Startups and MSMEs: The tax relief extension till 2030 promotes entrepreneurship and innovation.
c. Incentives in Manufacturing and Exports: Exemption from custom duty on raw materials, technical textile and other goods shows reduction in production cost, and hence making India a cost-competitive industries.
d. Boosting Savings and Investments: Exemption from tax in case of withdrawals from NSS and deduction under NPS boost the long-term investment and savings in financial market.

C. Ease of Doing Business:

a. Simplification of Tax Compliance: Removal of Section 206AB and 206CCA relieves the compliance burden of higher TDS rates on non-filers, thus facilitating tax compliance for businesses.
b. GST reforms for trade facilitation: lower pre-deposit penalties, quicker tax dispute resolution and streamlined duty structure helps in reducing the compliance for the business.
c. Custom Duty and Trade Facilitation: Extended time for using imported inputs and voluntary compliance programs helps in ease cross-border trade transaction and enhancing India's ease of doing business rank.
d. Technology-driven reforms: The introduction of digital tax compliance make it easier to measure and automated assessment ensuring quicker process of refund and returns.

10.4. Challenges in Enforcement and Implementation of Tax reforms:

Notwithstanding the progressive content of the tax reforms presented in the Budget 2024 and Budget 2025, various challenges are being faced during its enforcement and implementation:

i. Complicated Transition to the New Regime: While the new slabs ease the taxation or reduce the tax burden, taxpayers who have grown used to deduction and exemptions in the earlier regime now facing hardship in the change. Firms also require time to reconfigure their payroll and fiscal planning system in conformity with the changed structure.

ii. Issues of Compliance and Awareness: Several taxpayers including MSME and individuals can find it difficult in grasping with the new provisions of the capital gain taxation, revised ITR dues dates and other.

iii. Administrative and Technological Challenges: The introduction of new Income Tax Bill in place of the old Income Tax Act, 1061, necessitates substantial administration adoptions including changes to be made in IT infrastructure and compliance tracking mechanism.

iv. Rationalization of enforcement of TDS/TCS: Though raising TDS limits brings relief, it can also lead to evasion of tax when the tax is not appropriately tracked.

v. Effect on short-term Revenue Collection: Whereas the tax rates has been rationalised and enhanced the rebates alleviate taxpayers, they can still cut tax collection in the short run.

vi. Tax Disputes and Risks of Litigation: The addition of new sections and the alteration of ULIP taxation can give rise to legal challenges if there is not clear guidelines. Although, government has given or moved to streamlined tax legislation, vagueness in interpretation can still contribute to more appeals and controversies.

10.5. Does tax reforms making compliance easier for taxpayer or they are adding burden:

The tax reforms which are introduced in Budget 2024 and Budget 2025 have both simplified as well as added complexities in certain areas.

A. Where Tax Reforms makes compliance Easier for taxpayers:

a. Simplification of Income Tax Slab and higher rebate: The new Income Tax system in Budget 2025 has reduced the tax liability of the individuals by giving a larger amount of rebate u/s 87A. Therefore, it is making simpler for taxpayer to compute and pay tax. Also, middle-class taxpayers earning up to Rs 12 lakhs now falls under rebates thus reducing the tax liability and also minimising the necessity of complicated tax planning.

b. Relief from TDS/TCS Compliance: Increased in TDS limit on interest earned by the senior citizen and rent paid by them translate into fewer individuals being required to file TDS which reduces the compliance burden as well as repeal of Section 206AB and 206CCA also eliminates the added compliance from the taxpayers and business.
c. Increased time for filling ITR-U: The time limit for filling of ITR has been extended from 2 years to 4 years thus proving taxpayers with additional time to rectify the omission and limiting the possibility of penalties.
d. Startup-Friendly and Business Incentives: The tax incentives for startup were extended till 2030 thus lowering the compliance stress for new ventures as well as introduction of presumptive taxation for Non-Resident helps in reducing the tax filling compliance for foreign companies conducting business in India.
e. Customs and GST Reforms for Ease of Doing Business: Reduction in the custom duty on many raw materials, textiles, leathers, handicrafts simplify and lowers the cost of trade. Voluntary Compliance initiatives enable importers as well as exporters to self-declare material facts and thus minimising the penalties and ease in compliance.

B. Where Tax reforms impose additional burden on Taxpayers:

i. Higher Capital Gain Tax: The gain from short-term capital gains went up from 15% to 20% and the gain from long-term capital gain went from 10% to 12.5% thus making investment to decide whether investment to be done or not. Increasing the exemption limit does not necessary gives huge relief.
ii. Arm's Length Price Scheme for Cross-Border Transactions: Though it was designed to ease the transfer but three years block review period complicate things for foreign companies.
iii. ULIP Taxation: As now ULIP will be considered as capital gains if the premium paid is more than 10 % of the sum assured therefore the policyholder have to monitor and reports the gains separately hence making it complicated.
iv. New GST Compliance Measure: Cancellation of GST registration makes it more difficult for companies to restore their registration. New Section 122B adds penalties for failure to comply with Track and Trace Mechanism, a further additional to the regulatory burden.

v. Implementation and Transition Issues: New Income Tax bill in place of old act that is Income Tax Act 1961 involves major adjustment for business, accountants and tax practitioners and regular changes in GST legislation and custom duty regimes cause uncertainty, and it becomes challenging for companies to make long-term plans.

Therefore, tax reforms making tax compliance easier for Individuals, salaried taxpayer and small business by making compliance easier with high rebates, simpler tax slab and relaxed in TDS/TCS rules whereas for High net-worth individuals, investors and large business it is making compliance burdensome due to increase in rate of capital gain, foreign transactions and strict custom duty structures. Though these reforms are meant to enhance the ease of doing business and collection of revenue but their success will depend on how government execute them and minimise bureaucratic obstacles.

11. Conclusion

To conclude with, the government mission to ease tax legislation, drive economic growth and improve compliance are being focused in and are in line with Budget 2024 and Budget 2025. Some of the important modifications includes changes in income tax slab, higher rebates, streamlining the TDS/TCS provisions and longer startup reliefs ensures reduction in compliance burden on middle-class citizens, small entrepreneurs, and new businesses.

But there are some reforms such as increase in capital gain tax, additional GST compliance requirement and other increase the compliance burden on investors, big businesses, and multinational enterprises. The transition from the old tax law to the new one will be troublesome at first but might result in a more efficient and contemporary taxation system later on.

In general, though the reforms tries to provide a transparent taxpayer-friendly and business-friendly environment, their success will be contingent on efficient implementation, clear regulatory instructions and less bureaucratic barriers. If implemented properly, these reforms can help in improving revenue collection, increase economic growth and ease doing of business in India.

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