# NITI Aayog releases NITI Tax Policy Working Paper Series–II on Towards India's Tax Transformation: Decriminalisation and Trust-Based Governance

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Continuing its efforts to advance evidence-based tax reforms, **NITI Aayog today released the second working paper under the NITI Tax Policy Working Paper Series–II**, titled *"Towards India's Tax Transformation: Decriminalisation and Trust-Based Governance."* This follows the first paper in the series, *"Enhancing Certainty, Transparency, and Uniformity in Permanent Establishment and Profit Attribution for Foreign Investors in India,"* released earlier.

Releasing the working paper, **Shri B.V.R. Subrahmanyam, CEO, NITI Aayog**, noted that India's tax reforms are entering a decisive phase marked by simplification, modernisation, and the integration of trust into tax administration. He emphasised that *"as India transitions from enforcement-driven compliance to trust-based governance, the focus must shift to proportionate, fair, and transparent enforcement mechanisms that empower taxpayers while protecting fiscal integrity."*

Reflecting this approach, the working paper undertakes a comprehensive assessment of criminal provisions under the Income-tax Act, 2025, evaluating their necessity, proportionality, and alignment with the Government's broader reform agenda. It proposes a principle-based framework to rationalise punishments, decriminalise minor and procedural non-compliances, and reinforce judicial discretion.

The paper highlights that while the 2025 Act omits several archaic offences, it continues to criminalise 35 actions and omissions across 13 provisions, most of which prescribe mandatory imprisonment. Applying a structured, jurisprudence-based assessment, the study recommends a calibrated decriminalisation roadmap-removing imprisonment for minor procedural defaults, restricting criminal sanctions to cases involving fraud or wilful evasion, and enhancing the role of civil and administrative penalties.

The CEO, NITI Aayog underscored that such reforms will reduce litigation, improve investor confidence, and further India's commitment to a fair and predictable tax regime that aligns with global best practices.

The release event witnessed participation from representatives of CBDT, CBIC, ICAI, DPIIT, and leading tax experts from Vidhi Legal Lakshmikumaran & Sridharan, Deloitte, EY, and others, who have worked in close coordination with the NITI Aayog Consultative Group on Tax Policy (CGTP) led by Dr. P. S. Puniha, Distinguished Fellow, NITI Aayog, and Shri Sanjeet Singh, Programme Director, NITI Aayog.

The working paper concludes that embedding trust at the core of tax governance will strengthen voluntary compliance, optimise enforcement resources, and support India's vision of becoming a globally competitive, high-trust economy.

The full working paper *"Towards India's Tax Transformation: Decriminalisation and Trust-Based Governance"* under the **NITI Tax Policy Working Paper Series–II** can be accessed at: [https://niti.gov.in/sites/default/files/2025-10/Report_Tax_Policy_Working_Paper_Series_II.pdf](https://niti.gov.in/sites/default/files/2025-10/Report_Tax_Policy_Working_Paper_Series_II.pdf)

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