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Tax Reforms and India's Path to Viksit Bharat 2047: Recent legislative amendments, structural enhancements, and technological advancements within India's tax framework

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Abstract: Viksit Bharat 2047 represents India's strategic roadmap to achieve "developed nation" status by its centenary of independence. This paper explores the pivotal role of tax transformation in realizing this objective, specifically analyzing the synergy between legislative updates, structural overhauls, and technological integration within the national revenue framework. The study evaluates how a combination of direct tax modernization, the evolution of GST 2.0, and aggressive digitalization creates the fiscal resilience required for such a massive economic leap. By examining these policy adjustments, the research highlights their contribution to the foundational growth needed to reach a USD 30–40 trillion economy and a per capita income of USD 15,000–18,000 by 2047. Through a thorough analysis of policy documents, fiscal data, and expert insights, this paper highlights that strategic tax reforms are essential to India's developmental ambitions.

Keywords: Viksit Bharat 2047, tax reforms, GST 2.0, GDP, Income-tax Act 2025, digitalization, and economic growth and development.

Introduction

The Viksit Bharat initiative, introduced by the Indian government, embodies an ambitious vision to transform the country into a developed economy by 2047, coinciding with the centenary of its independence [1]. This comprehensive strategy seeks to mobilize resources across economic, social, environmental, and governance pillars to ensure holistic, sustainable advancement. A fundamental inquiry lies at the heart of this transition: how must India's tax architecture evolve to accelerate the journey toward developed status? Recognizing that a sophisticated and competitive fiscal environment is essential for the Viksit Bharat vision, the government has launched a series of landmark interventions in both direct and indirect taxation. These reforms are designed to bridge the gap toward a USD 30–40 trillion GDP and a per capita



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income of USD 15,000–18,000 by 2047. Central to this overhaul is the Income-tax Act, 2025, a generational shift that replaces the outdated 1961 framework with a modern code. Parallel to this, the transition to GST 2.0 has fundamentally reshaped indirect taxation. By optimizing rates for over 200 categories of goods and services, these updates have significantly lowered barriers to entry, enhanced consumer affordability, and sharpened India's global industrial competitiveness.

These reforms are further supported by aggressive digitalization efforts that are revolutionizing tax administration and compliance. This paper explores the complex relationship between tax reforms and the Viksit Bharat vision, examining how these policy measures are reshaping India's fiscal landscape and laying the groundwork for sustained economic growth and development.

OBJECTIVE OF THIS STUDY:

Objective 1: Market Dynamics & Structural Integrity To examine how the rationalization of tax slabs—specifically the 5% and 18% brackets—influences consumer purchasing power and resolves the inverted duty structure that currently hinders the growth of the manufacturing sector.

Objective 2: Regulatory Environment & Judicial Efficiency To assess the impact of decriminalizing minor procedural lapses on reducing the burden of tax litigation and fostering a more stable, investor-friendly environment for ease of doing business.

Objective 3: International Compliance & Base Erosion To evaluate the integration of Indian tax statutes with the OECD's Pillar Two framework, specifically focusing on the implementation of the 15% global minimum tax and its efficacy in mitigating cross-border profit shifting.

Research Methodology: This study employs an **exploratory research design**, relying exclusively on **secondary data sources** to examine the intersection of tax reform and national development. The qualitative analysis was synthesized from a diverse range of scholarly and institutional resources, including:

- Academic E-Journals.
- Government & Web Portals.
- Reference Textbooks.

REVIEW OF LITERATURE:

Nijanthan & Vijayakumar (ResearchGate, 2026) argue that transitioning to a streamlined **two-tier GST structure (5% and 18%)** is fundamental to the "Viksit Bharat" vision. By placing



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essential goods and healthcare in the lowest bracket, this shift simultaneously reduces the cost of living and minimizes classification disputes. Furthermore,

Mehta & Nair (2024) and **Banerjee & Sood (2022)** highlight how GST has eliminated the "cascading effect" of taxes, contributing an estimated **1% to 2% to annual GDP growth**—a critical pace for meeting 2047 economic targets.

A key focus in IJFMR (2025) is the strategic move toward **0% GST on life and health insurance**. Researchers interpret this not merely as tax relief but as a deliberate socio-economic intervention to achieve "Insurance for All" and shield vulnerable households from the poverty-inducing effects of high out-of-pocket medical expenses.

The Academic (2025) explores the correlation between direct tax policy and macroeconomic expansion. Evidence suggests that raising the **tax exemption threshold to ₹12 lakh** has effectively reduced "tax harassment" perceptions. This shift encourages voluntary compliance and accelerates the transition of the informal economy into the formal sector, thereby broadening the national tax base.

NITI Aayog's Consultative Group (2025) states the Indian tax landscape is shifting from "enforcement-heavy" to "technology-driven" oversight. The integration of AI-powered compliance and pre-filled returns on the GSTN and IT portals has drastically lowered the compliance burden for MSMEs, which are viewed as the primary engines of the 2047 roadmap.

NITI Aayog (2025) and Law.asia (2025) reviews underscore the importance of India's adoption of the 15% global minimum tax. By curbing profit shifting, this framework ensures that Multinational Enterprises (MNEs) contribute fairly to the jurisdictions where they generate value. Additionally, the replacement of ambiguous "Virtual Permanent Establishment" (PE) guidelines with clear, predictable criteria has reduced risk premiums for international investors.

IMF/World Bank (2025 Reports): Indicate that GST reforms remain a resilient hedge against global tariff volatility. However, while the central tax-to-GDP ratio sits at approximately 6.7% (totaling ~11-12%), the World Bank emphasizes that reaching a 25% target is essential for the long-term fiscal sustainability required for developed nation status.

SAJSSE Journal (2025): Covers GST 2.0 rate rationalization (e.g., pharma from 12% to 5%, life-saving drugs to 0%), boosting affordability and consumption in healthcare/auto sectors.

IJIRMPs (2025): Details direct tax shift via the Income Tax Act 2025 to a trust-based, compliance-first philosophy promoting innovation over enforcement.

Rao & Chakraborty (2021/2025): Analyze GST's federalism impact, advocating permanent revenue-sharing over temporary compensation for cooperative state-center ties.



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Synthesis of Findings

The literature collectively suggests that India's path to 2047 is paved by three pillars: **rationalization** (simplifying rates), **digitization** (reducing friction), and **globalization** (aligning with international standards).

Viksit Bharat Vision: Economic Goals and Fiscal Strategy

Strategic Economic Objectives and Macro-Targets

The Viksit Bharat 2047 framework establishes a rigorous set of economic benchmarks designed to redefine India's global standing. At the core of this vision is the expansion of the national economy to a GDP of USD 30–40 trillion by the centenary of independence. Realizing this target necessitates a sustained economic performance characterized by a 7% real GDP growth rate.

When accounting for an estimated 3.5% inflation rate, the nation must maintain a consistent nominal annual growth of approximately 11% over the next two decades.

Beyond aggregate wealth, the roadmap focuses on individual prosperity, targeting a per capita income of USD 15,000–18,000. This shift would transition India into the ranks of upper-middle-income economies, fundamentally altering the standard of living for its citizens. Complementing these fiscal goals is a profound social mandate: the total eradication of poverty. By prioritizing inclusive growth and comprehensive financial empowerment, the vision ensures that the dividends of a multi-trillion-dollar economy reach every stratum of society.

Key Performance Indicators for 2047 Fiscal Responsibility and Strategic Consolidation

Achieving these transformative milestones requires a robust fiscal architecture that harmonizes aggressive growth with disciplined economic management. Finance Minister Nirmala Sitharaman has consistently emphasized that tax stability and regulatory simplification are the dual engines of the *Viksit Bharat* vision, providing the predictability necessary for long-term investment.

The revised fiscal responsibility roadmap establishes clear, symmetrical benchmarks to ensure national solvency while fueling expansion:

- Total Public Debt: Capped at 60% of GDP.
- Fiscal Deficit: Targeted at 6% of GDP collectively.
- Federal Distribution: These targets are split equally between the center and states (30% debt and 3% deficit each).

Structural Transformation: The Income Tax Act, 2025

The enactment of the Income Tax Act, 2025, represents the most profound overhaul of India's direct tax landscape in over six decades. Superseding the antiquated 1961 statute, this landmark legislation is scheduled for implementation on April 1, 2026, governing the financial year 2026–27 and beyond. The reform is strategically designed to modernize the fiscal framework,



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replacing complex, legacy jargon with contemporary language to enhance clarity and align the domestic regime with international standards.

Key Provisions under the Draft Income Tax Rules, 2026

The accompanying Income Tax Rules, 2026, introduce several functional shifts aimed at broadening the tax base and fostering transparency:

- Transaction Integrity: Strengthening the mandatory use of PAN in high-value financial dealings and revising reporting thresholds to reflect current economic realities.
- Revised Deductions: Increasing the limits for business-related expenditures—such as property, vehicular, and hospitality costs—to support corporate growth.
- Employee Welfare: Broadening eligibility for HRA exemptions in metropolitan areas and designating various employee benefits as tax-exempt to boost disposable income.
- Regulatory Vigilance: Implementing stricter oversight for cryptocurrency exchanges and tightening insurance-related tax regulations to curb evasion.

The New Tax Regime: A Shift Toward Modernity and Compliance

The reimagined personal income tax framework has fundamentally restructured India's approach to individual taxation. Effective for FY 2025–26 (AY 2026–27), the system introduces a multi-tier structure designed to balance progressive taxation with ease of calculation.

Updated Tax Slabs and Thresholds

The current regime provides a significant zero-tax window and a calibrated ascent across higher income brackets:

- Up to ₹4 lakh: 0% (Nil)
- ₹4–8 lakh: 5%
- ₹8–12 lakh: 10%
- ₹12–16 lakh: 15%
- ₹16–20 lakh: 20%
- ₹20–24 lakh: 25%
- Above ₹24 lakh: 30%

Furthermore, the standard deduction for salaried professionals has been enhanced to ₹75,000, providing immediate liquidity and simplifying the filing process.

Strategic Objectives: Broadening the Base

This streamlined architecture represents a departure from the legacy system, which was characterized by a complex web of exemptions and deductions. By shifting the focus from high marginal rates to base broadening, the policy aligns with contemporary economic theory. As emphasized by tax expert Sudhir Kapadia, moderate tax rates are more effective at driving



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transparency and voluntary compliance than punitive rates, which historically fail to yield proportional revenue increases.

This transition is a cornerstone of the *Viksit Bharat* strategy, ensuring that as India moves toward a USD 30–40 trillion economy, its tax system remains competitive, reduces the "shadow economy," and generates the consistent revenue needed for national investment.

Comparative Advantage of the New Regime

Feature	Legacy System (Old Regime)	Current System (New Regime)
Complexity	High (Requires investment proof)	Low (Simplified/Standardized)
Standard Deduction	₹50,000	₹75,000
Compliance Drive	Enforcement-based	Incentive-based
Economic Impact	Encourages forced savings	Increases disposable income

The Strategic Overhaul of Corporate Taxation

The evolution of India's corporate tax structure has fundamentally redefined the nation's industrial landscape. A watershed moment occurred in 2019 when the government introduced a concessional tax framework, slashing rates to 22% for existing domestic corporations and a highly competitive 15% for new manufacturing entities. These rates are specifically designed to position India as a premier global investment hub, directly challenging peer economies in the race for international capital.

Economic Drivers and Reinvestment Cycles

By significantly lowering the statutory tax burden, these reforms have optimized the operational environment for both domestic and foreign firms. The primary benefits include the following:

- **Capital Retention:** Reduced tax outgo allows companies to retain a larger share of their earnings, providing a "liquidity cushion" for expansion.



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- Capacity Building: Surplus capital is being redirected into the establishment of new production facilities and the exploration of untapped markets.
- Digital & Technological Advancement: Lower taxes facilitate greater investment in R&D and digital transformation, essential for moving up the global value chain.

Alignment with Global Benchmarks

The transition toward a simplified, low-rate corporate regime is a cornerstone of the Viksit Bharat agenda. By aligning with international fiscal standards, India is fostering a predictable and attractive ecosystem for Foreign Direct Investment (FDI) and bolstering the "Make in India" initiative. This structural shift ensures that the manufacturing sector—a key driver of the targeted USD 30–40 trillion GDP—remains resilient and globally competitive.

Corporate Tax Comparison: Strategic Positioning

Tariff Rationalization and Trade Facilitation

Beyond direct and corporate tax overhauls, the Indian government has aggressively restructured its tariff landscape to integrate more deeply into global value chains. Finance Minister Nirmala Sitharaman's recent reforms focus on reducing the cost of industrial inputs and simplifying the complex web of border levies.

1. Drastic Reduction in Customs Duties

A cornerstone of this rationalization is the elimination of seven customs tariff categories on industrial goods. This systemic pruning has caused a significant drop in overall tariff rates, plummeting from an average of 21% to a streamlined 8%. This reduction is designed to lower the cost of production for Indian manufacturers, making "Make in India" products more competitive on the global stage.

2. Elimination of Overlapping Levies

To ensure fiscal clarity, the policy introduces a "single-levy" principle. Under this measure, a product can only be subject to either a cess or a surcharge at any given time. By prohibiting concurrent or overlapping charges, the government has simplified the pricing structure for both importers and domestic producers, directly addressing the "ease of doing business" mandate.

3. Support for Export-Oriented Manufacturing

Recognizing the cyclical nature of global trade, the timeframe for exporters to import components for re-export production has been doubled from six months to one year. This extension provides critical operational flexibility, allowing manufacturers to manage inventory and production schedules more effectively without facing premature tax liabilities.



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Impact Analysis: Boosting Global Competitiveness

Reform Area	Previous Status	Current Status	Impact on Viksit Bharat
Industrial Tariff Rates	21%	8%	Lower input costs for manufacturing
Surcharge/Cess Policy	Overlapping	Single-levy only	Price transparency & simplified accounting
Re-export Window	6 Months	1 Year	Enhanced cash flow for exporters

GST 2.0: The Evolution of Indirect Taxation

Since its landmark debut in 2017, the Goods and Services Tax (GST) has served as the bedrock of India's "One Nation, One Tax" philosophy. The transition to GST 2.0, initiated in September 2025, represents a sophisticated refinement of this framework. This next-generation update focused on rationalizing tax structures for over 200 categories, strategically targeting high-impact sectors, including:

- Social Pillars: Healthcare, Education, and Essential Commodities.
- Industrial Growth: Automobiles, Textiles, and Renewable Energy.
- Agrarian Support: Agricultural inputs and machinery.

The Socio-Economic Logic of GST 2.0

The objectives of these reforms extend beyond simple revenue collection; they are designed to act as a catalyst for macroeconomic stability:

1. Stimulating Consumer Demand: By reducing tax slabs on mass-market goods, the reform effectively lowers the cost of living, thereby increasing disposable income and household savings.
2. Market Formalization: Lower, more rational rates discourage tax evasion, incentivizing small and medium enterprises (SMEs) to integrate into the formal value chain.



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3. Labor-Intensive Sector Support: By easing the tax burden on sectors like textiles and agriculture, the government aims to protect and expand employment opportunities—a critical requirement for the Viksit Bharat per capita income targets.

Impact Summary: From 2017 to 2024

Feature	GST 1.0 (2017)	GST 2.0 (2025)
Primary Goal	Consolidation of multiple taxes	Rationalization & Demand Stimulation
Rate Structure	Multiple complex slabs	Move toward simplified 5% & 18% tiers
Sector Focus	General Compliance	Targeted Relief (Health, Energy, Essentials)
Economic Role	Foundation for a single market	Engine for \$40 Trillion GDP growth

GST Performance: Revenue Resilience and Behavioral Shift

The empirical data from recent fiscal cycles demonstrates that lowering tax rates does not necessarily result in diminished returns. On the contrary, the Indian tax ecosystem has exhibited remarkable resilience and expansion.

1. Quantitative Growth: Breaking Records

For the fiscal year 2024–25, gross GST collections reached an unprecedented milestone of ₹22.08 lakh crore. This represents a robust 9.4% year-on-year growth, signaling that the structural integrity of the system is strengthening. The data suggests a "Laffer curve" effect in action: as rates become more reasonable, the taxpayer base expands and compliance improves, more than compensating for the reduced percentages on individual items.

2. Qualitative Impact: Trust and Predictability

Beyond the balance sheet, the success of GST 2.0 is rooted in a fundamental shift in fiscal philosophy. Policy experts argue that modern tax reform transcends simple rate adjustments; it is



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an exercise in building institutional trust. By prioritizing the following, GST 2.0 aligns directly with the *Viksit Bharat* development goals:

- Consumer Affordability: Lowering the barrier to entry for essential goods and services.
- Operational Efficiency: Reducing the tax-related overhead for businesses, allowing for smoother supply chain management.
- Investor Certainty: Providing a stable, predictable, and transparent indirect tax environment that de-risks long-term capital commitments.

Fiscal Strength: Tax-to-GDP Ratio and Macroeconomic Progress

India's tax-to-GDP ratio has demonstrated a significant upward trajectory, serving as a key indicator of the success of recent structural and administrative reforms. As of January 2026, the combined tax-to-GDP ratio—inclusive of both union and state revenues—has reached 19.6%.

This milestone places India's fiscal capacity on par with several advanced global economies and notably ahead of emerging peers such as Hong Kong, Malaysia, and Indonesia.

1. Central vs. Combined Revenue Dynamics

While the central government's gross tax revenue remains at a more moderate 11.7%, the aggregate national figure reflects a highly functional federal fiscal structure. Projections for FY 2025–26 suggest continued momentum, with central tax revenue expected to climb to 12.0% of GDP, further strengthening the path toward fiscal consolidation.

2. The Direct Tax Surge

A critical component of this growth is the performance of direct taxes. In FY 2023–24, the direct tax-to-GDP ratio rose to 6.6%, up from 6.1% the previous year. This represents the highest level in 15 years, highlighting a fundamental shift toward a more formalized economy and improved tax buoyancy.

Strategic Implications for the Viksit Bharat 2047 Vision

The consistent rise in India's tax-to-GDP ratio is a fundamental pillar of the *Viksit Bharat* roadmap, offering three distinct strategic advantages:

- Expanded Fiscal Sovereignty: Higher revenue density provides the government with the "fiscal space" necessary to fund massive infrastructure and social welfare projects without compromising macroeconomic stability or over-leveraging national debt.
- Economic Formalization: The rising ratio is a clear indicator of successful structural shifts, signaling that a larger portion of the informal economy is now integrated into the formal, transparent tax net.
- Institutional Maturity: Achieving tax efficiency levels comparable to advanced economies reflects a significant strengthening of India's administrative and technological capacity to manage a USD 30–40 trillion economy.



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The Digital Core: Technological Integration in Taxation

Digitalization has transitioned from a supporting tool to the primary engine of India's fiscal transformation. Through flagship initiatives like Digital India and the GSTN (GST Network), the tax administration has undergone a fundamental shift toward a high-tech, data-driven ecosystem. This integration has drastically enhanced transparency and operational efficiency across the national fiscal framework.

1. Overcoming Legacy Inefficiencies

The migration from manual, paper-heavy record-keeping to a unified digital architecture has addressed long-standing systemic vulnerabilities, including:

- Error Reduction: Minimizing human intervention to eliminate processing inaccuracies.
- Enhanced Oversight: Providing real-time visibility into financial flows.
- Accountability: Establishing a digital audit trail that discourages discretionary or opaque practices.

2. The Evolution of E-Administration

In the realm of direct taxation, the government has moved beyond simple electronic filing to a sophisticated, multi-stage digital strategy:

- Stage 1: Digitization of Interface – Expanding online portals for seamless return filing and instant digital payments.
- Stage 2: Data Synchronization—Implementing cross-verification protocols where information is pulled from multiple financial touchpoints (banks, stock exchanges, property registrars).
- Stage 3: Intelligent Oversight – Transitioning toward automated audits and AI-driven compliance checks, ensuring that the system is proactive rather than reactive.

Technology-Enabled Compliance: The Ecosystem of Efficiency

Modern tax compliance in India has transitioned from a burdensome administrative task into a streamlined, tech-enabled process. The Goods and Services Tax Network (GSTN) serves as the sophisticated digital backbone of this evolution, integrating various high-tech tools to ensure systemic integrity.

1. Structural Pillars of Digital Compliance

Several key technological interventions have redefined how businesses interact with the tax department:

- Mandatory E-Invoicing: By requiring businesses above specific turnover thresholds to generate digital invoices, the system has revolutionized transaction reporting. This ensures real-time reconciliation and drastically accelerates Input Tax Credit (ITC) claims.
- Automated Reconciliation: The digital link between sales and purchase data minimizes



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discrepancies in GSTR-1 filings, reducing the likelihood of audits or penalties.

- Annual Information Statement (AIS): This comprehensive financial "snapshot" provides taxpayers with a pre-compiled summary of their transactions, significantly improving the accuracy of individual and corporate returns.

2. Security and Automation

The integration of Digital Signature Certificates (DSC) ensures that document authentication remains secure and legally robust. Collectively, these innovations have shifted the compliance burden from the taxpayer to the system through pre-filled returns, which eliminate manual data entry errors and enhance the overall "Ease of Doing Business."

The AI Frontier: Intelligent Tax Administration

The next phase of India's fiscal evolution is defined by the integration of artificial intelligence (AI) and other frontier technologies. Globally, over forty tax jurisdictions are currently deploying or piloting AI-driven systems to modernize revenue collection. In India, a growing synergy between private-sector innovators and government agencies is dismantling the traditional image of a rigid, bureaucratic tax department, replacing it with an agile, data-centric institution.

1. Emerging Technologies in Tax Compliance

As India moves toward the 2047 milestones, the tax ecosystem is expected to embed a sophisticated "tech stack" consisting of

- Artificial Intelligence (AI): For predictive analytics, identifying complex tax evasion patterns, and providing personalized taxpayer assistance through natural language processing.
- Blockchain Technology: To create immutable ledgers for high-value transactions, ensuring absolute transparency and reducing the possibility of fraudulent Input Tax Credit (ITC) claims.
- Internet of Things (IoT): For real-time tracking of goods and physical assets, providing a seamless link between physical trade and tax reporting.

2. Strategic Impact: From Enforcement to Intelligence

The government's sustained focus on digital innovation aims to move beyond simple automation toward "intelligent compliance." This shift is designed to solve persistent structural challenges, such as the "shadow economy," by making the tax system so integrated into business workflows that compliance becomes an automatic byproduct of commercial activity.

Strategic Obstacles and the Roadmap for Structural Reform

While the trajectory toward Viksit Bharat 2047 is bolstered by recent successes, several structural bottlenecks persist that could impede the full realization of these fiscal goals. Addressing these "last-mile" challenges is critical for transforming India's tax landscape into a



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truly developed-nation framework.

1. The Persistence of the Informal Economy

A significant portion of India's economic activity remains outside the formal tax net. This large informal sector restricts the expansion of the tax base, placing a disproportionate revenue burden on a small percentage of compliant taxpayers and businesses. Transitioning these entities into the formal fold remains a primary hurdle for achieving the desired tax-to-GDP ratios.

2. Compliance Costs for MSMEs

Despite the push for digitalization, the "cost of compliance" remains high for micro, small, and medium enterprises (MSMEs). The complexity of digital filing, combined with the technical expertise required to navigate evolving GST and direct tax protocols can be prohibitive for smaller players, occasionally acting as a deterrent to formalization.

3. Administrative and Federal Synchronization

To effectively counter sophisticated tax avoidance and manage advanced compliance, the tax administration requires continuous capacity building. Furthermore, the "federal friction" between central and state authorities can create inconsistencies. Variations in the interpretation and implementation of state-level tax provisions often lead to:

- Interstate operational hurdles for expanding businesses.
- Redundant compliance layers that complicate the "One Nation, One Tax" objective.
- Coordination gaps that sophisticated tax evaders may exploit.

Strategic Policy Recommendations for the 2047 Roadmap

To maximize the impact of tax reforms in the journey toward Viksit Bharat, a series of calibrated policy interventions is required. These recommendations focus on structural leanness, technological acceleration, and federal harmony.

1. Structural Simplification and Rate Rationalization

The transition toward a developed economy necessitates a departure from complex fiscal layers. Experts advocate for a "clean" tax architecture characterized by:

- For Businesses: A single, unified, simplified rate to eliminate classification disputes.
- For Individuals: A streamlined three-tier structure featuring moderate rates.
- Fiscal Prudence: The systemic removal of surcharges, cesses, and fragmented deductions, which currently obscure the effective tax rate.

2. Technological Acceleration

India must move from basic digitalization to frontier tech integration. This includes:

- AI & Advanced Analytics: To proactively identify systemic fraud and predict revenue trends.
- Blockchain: To secure high-value transaction data and automate the verification of tax



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credits.

- Service-Oriented Tech: Using automation not just for enforcement, but to improve the user experience for honest taxpayers.

3. Capacity Building and Ecosystem Education

As the tax landscape becomes increasingly sophisticated, the "human element" must keep pace. This involves:

- Upskilling Tax Officials: Shifting their role from traditional "assessors" to "data analysts" and "facilitators."
- Taxpayer Literacy: Providing MSMEs and citizens with the tools and knowledge to navigate digital compliance without high external costs.

4. Federal Synchronization and Stakeholder Engagement

To ensure a frictionless internal market, the government should prioritize:

- Convergence Beyond GST: Aligning central and state systems in non-GST areas (such as stamp duties or electricity taxes) to reduce regional compliance disparities.
- Collaborative Governance: Establishing a continuous feedback loop with industry leaders, tax professionals, and civil society to ensure that legislative changes are grounded in operational reality.

Synergizing Tax Policy with Macro-Economic Reform

The realization of the **Viksit Bharat 2047** vision depends on the seamless integration of fiscal policy with broader structural reforms. Tax modernization is not a standalone solution; its efficacy is maximized only when synchronized with other critical economic drivers.

1. The Multiplier Effect of Holistic Reform

A competitive tax regime must be complemented by advancements in the following areas to create a truly conducive investment climate:

- **Labor & Land:** Modernizing labor laws and streamlining land acquisition processes to reduce the "cost of entry" for large-scale manufacturing.
- **Infrastructure & Logistics:** Expanding physical and digital connectivity to lower the "cost of commerce."
- **Human Capital:** Investing in education and specialized skill development to ensure the workforce can meet the demands of a **USD 30–40 trillion economy**.
- **Regulatory Ease:** Continuing the push for "Ease of Doing Business" by reducing bureaucratic friction beyond the tax department.

2. Calibrated Fiscal Strategy

The government's current trajectory reflects an "Integrated Growth Model" that balances two seemingly opposing forces:



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- **Fiscal Discipline:** A commitment to gradual consolidation ensures macroeconomic stability and keeps inflation-hedged interest rates attractive for investors.
- **Developmental Momentum:** Simultaneously, the prioritization of **capital expenditure (CapEx)** in the national budget ensures that fiscal prudence does not come at the expense of vital infrastructure projects.

The Interdependency Matrix

Reform Area	Interaction with Tax Policy	Impact on Viksit Bharat
Infrastructure	High CapEx + Tax Incentives	Accelerated GDP Multiplier
Labor Markets	Lower Compliance Burden	Job Creation in Formal Sector
Skill Development	R&D Tax Credits	Higher Per Capita Productivity
Fiscal Prudence	Stable Tax Rates	Reduced Sovereign Risk Premium

VIKISIT BHARATH 2047

Economic Growth

Social Development

Infrastructure
Development

GDP
Growth
7%-8%

Education
Healthcare

Urban
Development
Digital
Infrastructure

Administration
efficiency

Green Energy
Climate Action



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Conclusion: Taxation as the Architect of *Viksit Bharat 2047*

Tax reforms represent the essential fiscal bedrock upon which India's *Viksit Bharat 2047* vision is being constructed. The systemic overhaul currently in motion—ranging from the foundational Income Tax Act, 2025, to the strategic rationalization of GST 2.0 and pervasive digitalization—signals a decisive shift toward a tax ecosystem that is modern, efficient, and globally competitive. These initiatives have already yielded tangible macroeconomic dividends: a rising tax-to-GDP ratio, record-breaking GST collections, enhanced corporate agility through competitive rates, and a technology-driven reduction in the compliance burden.

Ultimately, tax reforms serve as the fiscal backbone of India's national transformation. By providing policy stability, institutional transparency, and sustainable revenue, these reforms empower the state to fund critical infrastructure and human capital. While the 2047 targets are undeniably ambitious, the comprehensive nature of these reforms—spanning direct and indirect taxes, digital infrastructure, and global alignment—suggests that they are well within reach. As India approaches its centenary of independence, this modernized fiscal architecture will be the primary driver in realizing the aspirations of a developed and prosperous nation.

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