

Presumptive Taxation in India: Balancing Simplified Taxation with Enhanced Financial Disclosure

Asfar Ibrahim J*

* Student, LL.M., (Taxation Law), School of Law, Joy University, Tirunelveli, Tamil Nadu, India

Research Article History

Received: 24-Sep-2026
Revised: 27-Sep-2026
Accepted: 29-Sep-2026
Published: 01-Oct-2026

Keywords

India
Income Tax
Presumptive Taxation
Section 44AD
Section 44ADA
Tax Compliance
Tax Transparency
Financial Disclosure

Abstract

Digital transformation is the incorporation of novel technologies across all facets of an organization. This technology integration will need a transformation of conventional business models. Likewise, artificial intelligence has emerged as one of the most transformative technologies of recent decades, possessing significant potential to affect both businesses and individuals. Cognitive methodologies that replicate human behaviour and cognition are yielding sophisticated analytical models that assist firms in enhancing sales and customer engagement, optimizing operational efficiency, refining offerings, and ultimately generating pertinent insights from data. These decision-making methods rely on descriptive, predictive, and prescriptive analytics. This requires a legislative framework that uniformly controls all digital changes across countries and facilitates an effective digital transformation process under defined regulations. Conversely, it is imperative that this digital disruption is not impeded by the regulatory structure. This study will illustrate that AI and digital transformation will be integral to numerous applications and hence will be universally implemented. Nonetheless, this implementation must adhere to established regulations and align with the current circumstances.

Corresponding Author:

Asfar Ibrahim J

Student, LL.M., (Taxation Law), School of Law, Joy University, Tirunelveli, Tamil Nadu, India
asfarhana1011@gmail.com

This article is under the [CC BY- NC-ND](#) licenses

Copyright @ Journal of Law and Legal Research
Development, available at www.jllrd.com



1. INTRODUCTION

Taxation forms the backbone of the financial system of any country since it ensures revenue generation for public expenditure. A good tax system not only generates sufficient revenue for the government but also minimises the cost of compliance of tax liability. In recognition of the difficulties faced by small scale businesses and professionals regarding maintenance of proper books of accounts and compliance with complex tax laws, the Indian legislature has provided the presumptive taxation system to simplify tax compliance. The presumptive taxation system allows certain taxpayers to determine their tax liability by using a certain formula based on gross receipts or turnover. The presumptive taxation system is provided under section 44AD, 44ADA, and 44AE of the Income-tax Act. Such provisions have been made with the intention of encouraging voluntary compliance with tax laws, avoiding tax disputes and making it easier for small businesses and transport operators to operate freely in the market. However, in the recent past, there have been changes in the

taxation environment, owing to the increased digitalisation, technological developments, and transparency policies by the government. With financial transactions becoming more and more traceable through digital means, there is increased requirement of disclosure from the tax payers, as far as the compliance monitoring and tax evasion avoidance are concerned. In line with this development, in the new 2026 reporting system, there have been increased disclosure requirements under the presumptive taxation, where taxpayers should provide further financial information along with their income tax returns, like closing bank balance and certain investment information. This has been a remarkable change from the previous simple process of presumptive taxation. The implementation of the increased disclosure requirements has raised some concerns among the tax experts and small tax payers. On one hand, it will help in making the tax administration system accurate as well as reducing the chances of income hiding, but on the other hand, the burden of compliance will be higher for those taxpayers, who adopted the

presumptive taxation scheme owing to the simplicity of that system. This leads to a very important legal and policy issue whether enhanced financial disclosures can go side by side with simplification of taxation. In this context, this research study attempts to critically evaluate the existing legal framework regulating presumptive taxation in India and to analyse how the proposed changes for 2026 will affect this framework in terms of balancing ease of compliance with regulatory transparency. The study also provides recommendations for reforming the framework of presumptive taxation while maintaining its primary goal.

2. LITERATURE REVIEW

The practice of presumptive taxation is well recognized as a good tool for facilitating tax administration and stimulating voluntary compliance on the part of small taxpayers. The existing literature mainly concerns the significance of simplified tax system in terms of decreasing compliance costs, increasing revenue collection, and formalization of the informal economy. Scholars have pointed out that traditional tax systems impose considerable burden in terms of accounting records on small enterprises; this discourages voluntary compliance. Presumptive taxation is aimed at overcoming these difficulties by allowing qualifying taxpayers to calculate their taxable income on the basis of certain percentages of turnovers/gross receipts. A number of studies have analysed the intent of law-making in case of Sections 44AD, 44ADA, and 44AE of the Income Tax Act in India and explained how they contribute to widening the tax base through minimizing litigation and compliance complications. It has been observed through various studies that the provisions have helped small businesses and professionals become part of the tax network as they have made computations easy for them. It has also been found out from studies that the provisions of presumptive tax help in achieving the goal of the government in making ease of business easier and more convenient. Various comparative studies conducted on presumptive taxation show that a number of nations have developed simpler tax systems for small and micro-enterprises, although their scope varies from nation to nation. The international studies have proved that simpler taxes work effectively when the eligibility criterion is clear and the compliance requirements are proportional along with digital tax administration. Studies show that the advances in technology have helped tax authorities to improve compliance enforcement without making heavy demands from the taxpayers. Recently, much attention is paid to the rise of financial transparency and the application of the data-driven approach in taxation. The adoption of an enhanced disclosure regime in India in the 2026 reporting regime can be considered a notable step towards these goals. Initial comments indicate that the disclosure of closing bank balances and investments makes it possible to control the accuracy of information provided by taxpayers and detect discrepancies. On the other hand, it was pointed out that such changes might lead to the undermining of simplicity inherent in the presumptive taxation system. Despite the extensive literature review of the presumptive taxation system, including its purposes and legal framework, there is little information about the legal and policy aspects of the new 2026 enhanced disclosure reforms. In view of the ongoing developments in disclosure rules, many new issues arise concerning the aspects of taxpayer convenience, confidentiality, efficiency of administration, and regulation. The goal of this study is to fill the research gap by examining the recent reforms and the feasibility of the balance between enhanced financial transparency and simplicity.

3. RATIONALE OF THE STUDY

Presumptive taxation was devised to ease tax compliance for small businesses and professionals by simplifying the process of accounting and conducting routine tax audits. Throughout the years, the simplified tax system helped in enhancing voluntary compliance, broadening the tax base and lowering administrative costs. In recent times, however, the increasing rate of digitalization of the financial activities and increased focus on tax transparency changed the nature of tax administration's expectations. The enhancement of financial disclosure standards in 2026, including the requirement to disclose closing balances in banks and investments under presumptive tax scheme, represents a major change in policy which should be analysed from legal perspective. While these changes were aimed at improving transparency and risk assessments as well as helping in proper tax administration, they also raised questions concerning the simplicity of presumptive taxation scheme, since additional disclosure requirements would complicate the tax compliance process for those who chose this system due to the simplicity of the reporting. Therefore, the reforms generated the necessity of analysis of the adequacy of the disclosure requirements in the context of presumptive tax regime. While professionals engage in discussions about the emerging changes, academic research regarding legal, administrative, and policy implications remains scarce. This paper is intended to address the lack of literature and perform critical analysis of the emerging presumptive taxation system, review how the disclosure requirements introduced in 2026 affected both taxpayers and tax authorities, and develop recommendations concerning maintaining balance between financial transparency and simplified tax compliance. This analysis is necessary for the development of the efficient and convenient tax system.

4. THEORETICAL FRAMEWORK

Tax compliance theory, ability-to-pay theory, and tax administration and good governance form the theoretical framework of this study. The three theories offer a basis for the evaluation of whether the presumptive taxation system succeeds in balancing simplified compliance and financial transparency. Tax compliance theory holds that it becomes easy for taxpayers to comply voluntarily if there are simple and predictable tax laws, as well as compliance costs. The concept of presumptive taxation holds true in the light of tax compliance theory, since under it, taxpayers eligible for presumptive taxation will be able to compute the amount of taxable income based on prescribed percentages of turnovers or gross receipt. Ability to pay tax theory holds that there needs to be equity in taxation. Taxation becomes proportional to the financial position of taxpayers. Even though presumptive taxation makes it easier for taxpayers to compute their income, it still needs to be done in such a way that there is no chance of avoidance or revenue loss from the process. In 2026, financial disclosures were increased to fulfil this purpose. Further, the research incorporates the principle of good governance in taxation, which is characterised by transparency, efficiency, and accountability. In the contemporary tax environment, tax administrations are embracing the use of electronic reporting and data-based compliance approaches for improving their revenue generation and reducing cases of tax avoidance. Under this consideration, the increased disclosure system can be viewed as an attempt to reconcile simplified taxation with financial transparency. Nevertheless, these actions have to be proportional to ensure that compliance cost is not placed on small taxpayers. Under this theoretical framework, therefore,

there will be a critical analysis of whether the proposed 2026 disclosure system is able to preserve the initial aim of presumptive taxation.

5. OBJECTIVES OF THE STUDY

The present study is conducted with the following objectives:

- To understand the concept and history of the presumption approach of taxation under the Indian Income-tax system.
- To review the statutes related to the presumption method of taxation, especially Section 44AD, 44ADA, and 44AE, and their implications towards simplification of the process.
- To critically examine the financial disclosures introduced in 2026, especially with regard to bank accounts and investments within the scope of the presumption approach of taxation.
- To analyse the implications of the improved disclosure framework for the benefit of taxpayers and the authorities responsible for collecting taxes.
- To determine if there is a right balance between simplified tax compliance and tax administration within the 2026 financial disclosures.
- To determine the challenges resulting from the introduction of 2026 measures and provide suggestions towards improving the presumption approach.

6. RESEARCH METHODOLOGY

This study applies the doctrinal research methodology because it focuses on studying the statutory provisions, legal principles, and policies relating to the presumptive taxation system in India. Qualitative analysis of the primary and secondary legal sources has been undertaken for assessing the efficiency of the presumptive taxation system and new rules for greater financial disclosures that were notified in 2026. Primary legal sources used in the study consist of Income-tax Act, 1961, Income-tax Bill, 2025 (where applicable), Finance Act, Income-tax Rules, notifications, circulars of the Central Board of Direct Taxes (CBDT), and the modified Income Tax Return (ITR) forms pertaining to the assessment year 2026-27. Decisions of the courts interpreting the provisions related to the presumptive taxation system have also been considered to gain an understanding of the legal perspective. Secondary legal sources have been comprised of scholarly books, peer-reviewed journal articles, research papers, government documents, professional analyses, policy papers, and credible online sources regarding the presumptive taxation system, tax compliance, and financial transparency. Some comparative references from selected foreign presumptive taxation systems have also been used in the study. Analysis of the collected data will be done through descriptive and analytical methods. The study will critically analyse the legal framework, the intention behind the legislation, and its effects especially on simplified tax compliance, administrative effectiveness, and taxpayers' transparency. From this analysis, the study will provide recommendations on how to improve the presumptive taxation scheme while maintaining the balance between compliance and tax administration.

7. DISCUSSION

7.1. Concept and Development of Presumptive Taxation in India

Tax compliance has always been the most difficult aspect of tax administration for small firms and professionals who do not

have much financial and administrative capacity. Keeping records of accounting, preparation of financial statements and compliance to auditing requirements often cost too much for people whose business is small. In order to overcome these problems, the Indian tax law has introduced the concept of presumptive taxation which enables certain categories of taxpayers to determine their taxable income presumptively rather than actually calculating their profits. Presumptive Taxation is the idea which is based on the fact that a certain category of taxpayers earns some minimum amount of profit in respect of their turnover or gross receipts. There is no need to prove the income and expenses by the taxpayer; rather, the law mandates that a certain percentage of turnover or gross receipt be taxed as income. Therefore, the taxpayer would be relieved of the necessity of maintaining the account books as well as in most cases even getting a tax audit done. In India, the presumptive taxation system has been developed as a result of the legislative initiatives undertaken with the objective of promoting voluntary compliance and widening the formal tax base. It had first been made applicable to a certain category of taxpayers and was later extended to small business owners, certain professionals, and transport operators by introducing certain provisions in the law. Sections 44AD, 44ADA, and 44AE in the Income Tax Act were enacted and laid down a proper legal framework balancing ease of compliance and proper taxation. Furthermore, the use of digital payments and tax administration by way of the latest technologies has also impacted the development of presumptive tax. The tax administrators now have better access to financial information by virtue of integrated reports, which facilitate easier verification of the taxpayer's declaration. This development has resulted in the implementation of an enhanced financial disclosure requirement in the year 2026, wherein the taxpayers who are eligible to claim presumptive tax relief must make extra financial disclosures with respect to their bank balance and certain investments. Therefore, the development of presumptive taxation is an illustration of how the system has evolved from being merely a simple compliance process to including financial transparency and accountability as well. It would be the job of the policymakers to ensure that the new disclosure requirement does not defeat the primary purpose of simplifying the compliance process of small taxpayers. The next sections will discuss the legal aspects of presumptive tax.

7.2. Statutory Framework for Presumptive Taxation

The statutory framework for presumptive taxation in India finds its place in Sections 44AD, 44ADA, and 44AE of the Income-tax Act, 1961. These sections have been brought about to provide relief to specific categories of taxpayers, enabling them to estimate their income on the basis of a presumption without keeping the books of accounts or financial statements. The framework has been designed in light of the legislative desire to ensure voluntary compliance, cost-effectiveness and ease of doing business without losing sight of equitable collection of taxes.

Section 44AD pertains to those eligible resident individuals, Hindu Undivided Families (HUFs) and partnership firms indulging in eligible businesses under a specific threshold limit of turnover. Under this section, taxable income is taken as a specified percentage of the turnover or gross receipts of the business. The framework even provides for a reduced rate of presumption for the receipt of the funds via banks or other prescribed electronic means. Individuals choosing this method do not need to maintain books of accounts under Section 44AA and get exempt from tax audit under Section 44AB.

Section 44ADA enables presumptive taxation of certain resident professionals, including lawyers, doctors, engineers, architects, accountants, technical consultants, interior decorators, and such other notified professionals. While ordinarily the income would be determined from the gross receipts of such professionals minus their expenses, those professionals eligible under this section may declare their income based on their gross receipts at the rate prescribed by the statute as their presumptive income. It is because it is presumed that such professionals incur certain standard expenses and therefore income computation does not become an issue.

Section 44AE provides a presumptive taxation scheme to those taxpayers who ply, hire or lease goods carriages. Their income will be determined based on the number and type of goods carriages that they have in the previous year instead of calculating the profit of such business. In this way the income of such transporters is determined with certainty and ease. In spite of having some differences in their provisions, the common purpose of these provisions is to simplify compliance process for taxpayers to encourage greater number of taxpayers to comply with law. Taxpayers opting to be taxed under the presumptive tax scheme need not follow most of the procedural steps under the normal taxation scheme. Nevertheless, they have to fulfil other requirements under the Income-tax Act. The statutory framework has been influenced by the change in economic times and the advances in technology. The changes in the reporting requirement provisions for the assessment year 2026-27 add more financial reporting requirements for presumptive taxpayers. Though there have not been any changes in the methodology under Sections 44AD, 44ADA, and 44AE, the new reporting requirements are an indication of a move towards more openness and reliance on numbers. It is therefore important to determine if the evolving statutory framework retains the simplicity that forms the basis of presumptive taxation.

7.3. Objective and Importance of Presumptive Taxation

The purpose of the presumptive taxation system is to come up with an easy method for tax compliance among small businesses and certain professionals. The legislature acknowledged the high compliance costs incurred through the normal tax processes like keeping books of account, preparing accounting statements and conducting statutory audits to taxpayers who do not have sufficient administrative capacity and financial power. A major aim of presumptive taxation is promoting voluntary tax compliance. The simplification of income calculation procedures facilitates easy compliance without spending much money on accounting and professionals. Compliance becoming easy and predictable, the taxpayer will prefer to become a part of formal tax system and submit tax return within specified period of time. Ease of doing business is another important goal that is achieved with the help of this scheme, especially concerning MSMEs and independent professionals. With no need for keeping voluminous financial documents and obligatory tax audit in eligible cases, the taxpayer will be able to concentrate on his or her business development and operations rather than on regulation. It helps to create more favourable business climate for entrepreneurial development. Presumptive taxation also improves administrative effectiveness. Simplified assessment procedure decreases burden on tax authority since the authority will spend less efforts on checking the usual accounting documents and pay attention to risk cases only. Thus, tax administration becomes more economical and the number of disputes

concerning income calculation is greatly decreased. Further, the scheme also facilitates the formalisation of the economy as it helps in bringing informal sector businesses and professionals into the fold of taxpayers. The simplification of the system of tax encourages informal and unregistered businesses to pay taxes, which increases the revenue collection through increased tax base. This reform in line with government policy initiatives of digitalisation and inclusion of businesses within the ambit of financial transparency and transactions. The enhancement of financial reporting obligation by introducing new financial information in 2026 demonstrates the changing priority of government towards financial transparency. The financial reporting obligation in terms of disclosure of closing balance and investment information along with other information shows that along with simplification of income calculation, there is also financial reporting obligation now. It shows that the reforms made not only enhance the risk assessment process but also make taxpayers more transparent in their tax payments, however, there are issues about the simplicity of the tax scheme due to increased financial information. Consequently, the importance of presumptive taxation goes beyond the simplification of the calculation of income tax. It is a policy tool that tries to strike a balance between simplicity for the taxpayer, voluntary compliance, efficiency in administration, and transparency in financial matters. Striking such a balance will prove necessary for the continued success of the presumption taxation system.

7.4. Enhanced Financial Disclosures under the 2026 Regime

Presumptive taxation has in the past been known for being easy on taxpayers since the taxpayers only needed to make disclosures in terms of their incomes without necessarily keeping records or accounting books. However, the new reporting rules starting from Assessment Year 2026–27 will bring a drastic change in that the eligible taxpayers will have to provide more financial information when filing income tax returns. One of the significant changes is that there should be a disclosure of the closing balance of all the bank accounts held by the taxpayer at the end of the concerned financial year. Further, taxpayers have to disclose details about certain investments and financial assets, if any, in the updated form for filing income tax returns. However, these new requirements will not change the mechanism of calculating presumptive income under Sections 44AD, 44ADA, and 44AE. There are some important reasons behind these reforms which relate to the extensive use of technology and data analysis in tax administration. There are several financial institutions, digital payment channels, and government departments, which produce large volumes of financial data that can be incorporated into income tax databases. Improved disclosures help the tax authorities to cross-check the declared income with the financial profile of the taxpayer to discover any discrepancies, indicating either understatement of income or evasion of taxes. In terms of policy making, the new disclosure framework is aimed at improving the credibility of the tax system. Transparency improves taxpayer accountability, revenue protection, and equality in that taxpayers with similar financial capacity are subjected to the right compliance standards. The disclosure framework also supports the digital governance drive that is being embraced in India. The latter involves use of electronic systems for reporting and sharing of information. However, the disclosure framework has faced some criticism from the side of taxpayers and tax practitioners. Presumptive taxation method was meant to simplify procedures

for the taxpayer. More financial disclosures will make compliance more burdensome, especially for those who do not have the expertise of an accountant. In addition, there are some doubts whether heavy reporting is suitable for the basic purpose of presumptive taxation. Additionally, there could be certain practical difficulties in the process of reporting multiple bank accounts, financial portfolios, and other relevant financial information. Greater knowledge and assistance are needed for the taxpayers to meet the new requirements, while the tax authorities should make sure that reporting is still easy and proportionate enough. The excessive disclosure requirements might be a factor that will prevent taxpayers from choosing this option of taxation.

7.5. *Balancing Tax Transparency with Simplified Compliance*

The new financial disclosure requirements under the presumptive taxation regime have improved the aim of the government to enhance the tax transparency system. However, these reforms bring up some legal, administrative and compliance issues that deserve consideration. The simplified taxation regime remains in charge of taxable income calculation but additional requirements change the compliance situation for eligible taxpayers. The first issue to pay attention to is the risk of reducing the level of simplicity which is an inherent feature of the presumptive taxation scheme. The presumptive taxation scheme was established to relieve from the necessity to keep records and facilitate voluntary compliance for small businesses and professionals. Reporting of closing balances and investments brings additional responsibilities to the taxpayers with poor accounting skills. Legally speaking, there may be some doubts about the issues of proportionality and intent of the legislation. Although the law allows collecting information necessary for tax administration purposes, the disclosure of additional data must correspond to the initial presumption. Excessive disclosure requirements may have the effect of dissuading the eligible taxpayers from using the scheme. Problems faced by the Income-tax Department are also administrative in nature. Efficient digital technology is needed to collect extra financial information and analyse huge amounts of data of tax payers. Tax officials must make sure that such financial information is used only for assessing risks and checking compliance and not unnecessarily scrutinizing compliant taxpayers. It is very important that proper administrative guidelines are laid down and properly followed to avoid any unnecessary controversy. There are practical problems also for taxpayers when it comes to providing accurate financial information. People who have several bank accounts or investment schemes will face many difficulties in submitting accurate reports within stipulated time period. Any unintentional mistakes made by such people may lead to notice and litigations. Yet another issue involves the need to build taxpayer trust and protect data privacy. It is vital to have in place solid measures that protect data from breaches and ensure data privacy and cybersecurity in light of the increasing amount of financial information provided by taxpayers. Otherwise, it is impossible to retain the level of voluntary compliance. However, along with the above-mentioned challenges, the new approach can also bring significant benefits to the process of tax administration. With proper implementation, education of taxpayers and convenient electronic tools, it will be possible to maintain compliance as well as the advantages of presumptive taxation. In this respect, the main challenge of the future is to find the proper balance between regulation and simplified compliance.

7.6. *Recommendations for Enhancing the Presumptive Taxation Regime*

The changing nature of tax administration makes it necessary to find the right balance between simplified compliance and increased financial transparency. Although the 2026 disclosure reforms are viewed positively as a way to enhance tax administration, the key to their success lies in the adoption of measures aimed at reducing compliance costs and improving the effectiveness of regulation.

First, it should be ensured that the enhanced reporting obligations are proportionate to the goal of the presumptive taxation scheme. Reporting obligation for anything other than risk assessment and tax verification is unnecessary, and excessive obligations might prevent the eligible taxpayers from using the scheme. The reason behind the scheme is simplicity and reduced compliance costs. Secondly, the Income-tax Department should provide detailed guidelines and circulars on the scope, manner, and extent of the new reporting obligations. Detailed instructions will help in reducing the confusion, minimizing the errors in reporting, and ensuring proper implementation of the scheme in the country. Awareness and education programmes for taxpayers will add to the cause. Further efforts for the expansion of the tax administration through the use of technology should be encouraged. Integration of banking details, investment details, and other financial information in the pre-filled tax returns of the taxpayer will substantially cut down manual reporting. It will also enhance accuracy in the process of reporting and reduce the cost of compliance. Another significant reform would be the implementation of a risk-based compliance system. Rather than imposing the same scrutiny process on all presumptive taxpayers, tax authorities could concentrate on instances where there are huge disparities in terms of the declared income versus financial information. In such a case, it would be possible to utilize administrative resources efficiently without causing harassment to compliant taxpayers. The Government ought to carry out regular reviews of the provisions regarding presumptive taxation to make sure that the criteria regarding the thresholds, requirements, and eligibility of the taxpayers have taken into account the current economic environment and the business environment. Regular legislative review will help the scheme adapt to technological changes and business patterns. Finally, adequate measures regarding the protection of taxpayer's confidential information should be implemented together with the collection of financial information. It is the responsibility of the Income-tax Department to store securely the taxpayer's information, restrict access to it, and use it responsibly as per the required standards. A combination of easy compliance, relevant disclosures, technological development, and protection of taxpayers would thus help the regime in attaining both its goals of increasing voluntary compliance and providing better financial disclosure.

8. CONCLUSION

Presumptive taxation is now an integral part of the Indian income tax system, as it makes it easier for small businesses, professionals, and transporters to comply with taxes. By virtue of the provisions under Sections 44AD, 44ADA, and 44AE of the Income-tax Act, the scheme has made it simpler to comply with procedures and encourages voluntary participation in the tax system. It has been a valuable tool in terms of the efficiency of administration and making business easy. The introduction of additional financial disclosure requirements for the Assessment Year 2026-27 can be seen as an important step towards developing the regime of presumptive taxation.

Disclosure of closing balance and relevant investments is an indication of the Government's attempt towards improving financial transparency, risk assessment, and data-driven tax administration. Nevertheless, new reporting requirements may also raise the issue of simplicity of the presumptive taxation regime, as increased compliance will impact those taxpayers who are the primary beneficiaries of the scheme. Thus, the success of the reforms in question lies in a well-balanced approach towards regulation and convenience of the taxpayers. Disclosure requirements should not reduce the accessibility and appeal of the presumptive taxation regime. Conclusively, this paper demonstrates that there is no contradiction between the goals of simplified taxation and increased transparency of financial activities. With adequate disclosure rules, proper guidance from the administration, efficient technological framework, and sufficient security measures, the presumptive taxation scheme can be maintained as the tool of voluntary compliance with an increased level of trust in the tax system.

Author Contribution

The author conceptualized the research, conducted the literature review and doctrinal analysis, drafted the manuscript, and finalised the article for submission.

Conflict of Interest

Conflict of interest declared none.

Funding

The review presented in the article did not receive any external financial support.

Acknowledgements

The authors would like to acknowledge that no external funding or assistance was received for this research, and therefore, no acknowledgements are necessary.

AI Declaration

The authors declare that no artificial intelligence (AI) tools were used in the preparation, writing, or development of this manuscript.

9. REFERENCES

- Central Board of Direct Taxes. (2025). Income-tax Return Forms for Assessment Year 2026–27. Ministry of Finance, Government of India.
- Central Board of Direct Taxes. (2025). Instructions for filling Income-tax Return Forms (Assessment Year 2026–27). Ministry of Finance, Government of India.
- Government of India. (1961). The Income-tax Act, 1961 (Act No. 43 of 1961). Ministry of Law and Justice.
- Government of India. (2025). The Income-tax Bill, 2025. Ministry of Finance.
- Kanga, J. B., Palkhivala, N. A., & Vyas, A. (2024). The Law and Practice of Income Tax (11th ed.). LexisNexis.
- OECD. (2022). Tax Administration 2022: Comparative Information on OECD and Other Advanced and Emerging Economies. OECD Publishing.
- Singhanian, V. K., & Singhanian, M. (2025). Students' Guide to Income Tax (Latest ed.). Taxmann Publications.
- Taxmann. (2025). Income Tax Rules with Ready Reckoner. Taxmann Publications.
- The Institute of Chartered Accountants of India. (2024). Guidance Note on Tax Audit under Section 44AB of the Income-tax Act. ICAI.
- World Bank. (2020). Doing Business 2020. World Bank.
- Recent Sources on the 2026 Disclosure Changes
- Economic Times. (2025). Income Tax Department tightens disclosure norms under presumptive taxation scheme. <https://economictimes.indiatimes.com/>
- Business Standard. (2025). New ITR forms introduce enhanced disclosure requirements for presumptive taxpayers. <https://www.business-standard.com/>