

Taxpayers Are India's Quiet Patriots

Public disclosure of tax information will reward honest taxpayers and improve compliance

The contrast could not have been more striking.

On one side were two of India's most notorious fugitives and tax evaders – Lalit Modi and Vijay Mallya – celebrating the latter's 70th birthday with opulence and audacity, openly mocking the Indian tax system.

On the very same day, India's Income Tax Department sent a blunt email to thousands of taxpayers – mostly salaried professionals – informing them that their refunds had been put on hold due to a "mismatch" in their returns.

Two parallel realities—evasion ignored, compliance questioned.

This is no accident. It is a design choice: a tax system that squeezes captive taxpayers while sparing those who are harder to tax.

Its biggest casualty is India's salaried middle class, for whom compliance is not an option but a compulsion. Taxes are deducted at source on their salaries, fixed deposits, savings accounts, rental incomes, professional fees, property transactions, as well as on stock and bond market gains. They do not just pay taxes; they prepay them.

When taxes on consumption are added, via GST, customs duties, taxes at the petrol pump, electricity duties, entertainment and amusement taxes, road tolls, and other levies, a typical salaried middle-class person in a metro city is likely to part with as much as 45-50 per cent of her annual income to the government.

Little wonder many taxpayers are protesting. Take Rohit Shroff, a Bengaluru-based entrepreneur who paid ₹4 crore in GST and income tax over 12–18 months, yet faced repeated notices and audits. In a LinkedIn post, he lamented that India's tax system treats compliant contributors with suspicion and said he is considering moving out of India in 2026.

Complaints of this kind may seem unfair to officers in the finance ministry. After all, recent years have seen a series of taxpayer-friendly measures – lower corporate income tax rates, higher income-tax thresholds, and a rationalisation of GST rates. Important as these reforms

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Raise Our Glass to Taxpayers!



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Complaints of this kind may seem unfair to officers in the finance ministry. After all, recent years have seen a series of taxpayer-friendly measures – lower corporate I T rates, higher income-tax thresholds, and rationalisation of GST rates. Important as these reforms are, Budget 2026 presents a larger opportunity to reset the state's relationship with taxpayers by recognising them as patriots rather than suspects.

Instead of enforcing compliance with a stick – an approach that has largely failed – it's time to incentivise good behaviour. One widely practised and effective approach is the public disclosure of taxpayers' income. When income and tax payments are publicly visible, taxpayers are far less likely to under-report their earnings, as officers can flag discrepancies to authorities. There are precedents for such a policy:

- Norway has made taxpayer information public since 1963. Data are searchable by individuals' names, PIN codes and cities.
- Finland publishes tax information for all individuals every year on Nov 1, a date dubbed by foreign media as 'National Shame Day'.
- Tax returns of all Swedish corporations and individuals have been public since 1963.
- Australia, Denmark, France, Pakistan, the Philippines, Sweden, Britain and the US have selectively attempted public disclosure of targeted tax information for individuals and corporations.

Evidence suggests that public disclosure improves compliance in Norway, the income reported by doctors, lawyers, engineers and other professionals increased significantly after tax information was made available online.

In the US, public disclosure of tax delinquency has been associated with lower levels of tax delinquency. In Pakistan, following one-time public disclosure, tax filing rate among MPs surged from around 30% to 60%.

There are legitimate concerns that such a policy could erode privacy and, as seen in Japan, expose wealthy taxpayers to threats from criminals. The greatest risk is likely to come from wealthy and corrupt interests who, fearing higher tax liabilities, would lobby against any such reform, as has happened in the UK and Italy.

Public disclosure of tax information fits squarely with Govt's model of governance that shifts endorsement from informal corrupt officials to society, injecting much sunlight into tax administration and also reinforces building a more transparent and rules-based fiscal system. If implemented normally, this reform could curb black money.

If there is no appetite for such a reform, a more moderate option would be to make disclosure voluntary and offer incentives to those who choose to disclose. This would immediately distinguish honest taxpayers (who opt into the system) from those who do not. Incentives could include, as practiced in South Korea, presidential recognition of top taxpayers from each quarter (one under 50 persons, one woman, and one over 50), exemption from tax audits, and expedited processing at airport, railway and bus stations. An even more compelling option would be to offer a modest tax deduction 'honesty premium' – to those who opt into public disclosure of their income and tax information.

Increasing public disclosure would kill two birds with one stone. It would finally acknowledge the quiet honesty with which India's salaried middle class pays its taxes, while also shining a spotlight on tomorrow's tax dodgers and fugitives.

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are, the 2026 Union Budget presents a larger opportunity: to reset the state's relationship with taxpayers by recognising them as patriots rather than suspects.

Public disclosure of tax information

Instead of enforcing compliance with a stick – an approach that has largely failed because evaders face a low probability of being caught and, when caught, a high likelihood of escaping through bribery – it is time to incentivise good behaviour. One widely practised and highly effective approach is the public disclosure of taxpayers' information.

The logic is fairly simple. When income and tax payments are publicly visible, taxpayers are far less likely to underreport their earnings, as neighbours and colleagues can easily spot discrepancies and flag them to the authorities. While honest taxpayers would have little to worry about, habitual evaders would be compelled to pay their fair share of taxes.

Are there precedents for such a policy? Yes, several. Norway has made taxpayer information public since 1863. The data are searchable by individuals' names, pin codes and cities. Finland publishes tax information for all individuals every year on November 1, a date known as National Jealousy (Envy) Day. The tax returns of all Swedish corporations and individuals have been public since 1903. Several other countries, including Australia, Denmark, France, Pakistan, the Philippines, Sweden, the UK, and the USA, have selectively attempted public disclosure of targeted tax information for individuals and corporations.

Evidence suggests that public disclosure improve compliance. In Norway, the income reported by doctors, lawyers, engineers and other professionals increased significantly after tax-information was made available online. In the US, public disclosure of tax delinquents has been associated with lower levels of tax delinquency. In Pakistan, following one-time public disclosure, the tax-filing rate among MPs surged from around 30% to 90%.

There, however, are legitimate concerns that such a policy could erode privacy and, as seen in Japan, expose wealthy taxpayers to threats from criminal networks. The greatest risk is likely to come from wealthy and corrupt interests who, fearing higher tax liabilities, would lobby aggressively against any such reform, as has happened in countries like the United States and Italy.

Social Accountability with Sunshine

Public disclosure of tax information fits squarely with Prime Minister Modi's people-driven model of governance by shifting enforcement from (often corrupt) officials to society at large. Injecting such sunshine into tax administration would also reinforce Finance Minister Sitharaman's legacy of building a more transparent and rules-based fiscal system. If implemented annually, this reform could curb black money far more effectively than demonetisation ever did.

If there is no appetite for such a radical reform, a more moderate, but equally effective, option would be to make disclosure voluntary and offer incentives to those who choose to

disclose. The virtue of this approach is its simplicity: it would immediately distinguish honest taxpayers (who opt in) from evaders (who opt out).

Incentives could, as practised in South Korea, take several forms, including presidential recognition of top taxpayers from each district (one youth under 35, one woman, and one man over 35), exemption from tax audits, expedited processing at airport, railway and bus stations, free entry to national museums, etc. An even more compelling option would be to offer a modest tax deduction – an “honesty premium” – to those who voluntarily disclose their income and tax information.

Incentivising public disclosure would kill two birds with one stone. It would finally acknowledge the quiet honesty with which India’s salaried middle class pays its taxes, while also shining an early spotlight on tomorrow’s tax dodgers and fugitives.

It is time to recognise the honest taxpayers as who they are – India’s quiet patriots.

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