

PAYROLL



The **COMMUNIQUE**

**Senthil Kumar S**

Our Leadership Speaks

India's AI Impact Summit

The India AI Impact Summit 2026, held at Bharat Mandapam in New Delhi from February 16–21, was a statement of geopolitical intent, and notably, the first AI summit in the global series to be hosted by a Global South nation, following Bletchley Park, Seoul, and Paris. Inaugurated by Prime Minister Narendra Modi, it drew participation from over 100 countries, more than 20 Heads of Government, and 500 global AI leaders. The signal was unmistakable: India is no longer a spectator in the global AI order, it intends to help write the rules.

The summit's headline numbers commanded attention. Investment commitments exceeding USD 200 billion were announced, with Reliance Industries pledging USD 110 billion over seven years and Adani Enterprises announcing USD 100 billion by 2035. The government also committed to adding 20,000 GPUs to India's existing compute base, while a Declaration endorsed by 92 countries was adopted, anchored around the pillars of People, Planet, and Progress. For any CXO reading the room, the strategic intent is clear: India is simultaneously building infrastructure, attracting capital, and shaping global norms.

Yet ambition and execution are different beasts. Critics flagged that corporations effectively received parity with sovereign governments at the summit, while civil society and labour voices had no equivalent platform. An expo incident involving Chinese products misrepresented as Indian innovations proved an uncomfortable footnote for a summit built on showcasing homegrown capability. Analysts also noted that the U.S. delegation framed AI as a geopolitical race rather than a collaborative endeavour, a sobering reminder that great-power rivalries simmer beneath every handshake. India's momentum is genuine; the harder test is converting pledges and declarations into real outcomes for 1.4 billion people.

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Never miss a date

April

14th

Due date for issue of TDS Certificate for tax deducted under Sections 194-IA, 194-IB, 194M, and 194S in the month of February 2026

April

15th

Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of February 2026 has been paid without the production of a challan

April

30th

Due date for deposit of Tax deducted/collected for the month of March 2026.

April

30th

Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194M in the month of March 2026

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Indian Clearing Corporation Limited
The Power of Vibrance

TATA SECURITIES

WRITER INFORMATION

Nexus Select Trust

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YANG MING

Medi Assist

GAR

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GOODS AND SERVICES TAX NETWORK

ALL YOU NEED TO KNOW ABOUT OPTIONAL JOINT TAXATION OF MARRIED COUPLES

Introduction

In India, the tax system treats a married couple as two separate taxpayers. Even if a husband and wife share finances, assets, and expenses, the Income Tax Department assesses them independently under individual taxation rules. In the run-up to Budget 2026-27, the Institute of Chartered Accountants of India (ICAI) and other tax experts suggested that the tax code should evolve to reflect modern household economics by introducing an optional joint taxation mechanism for married couples. However, when the Finance Minister presented the Budget on February 1, 2026, no provision for joint filing of income tax returns for married couples was introduced.

What follows is a discussion of the idea as proposed in pre-budget recommendations, why it attracted attention, and the implications of not being adopted in Budget 2026.

The Problem: The “Single-Earner” Penalty

Under the current individual-based tax model, two families with the same total income can face very different tax liabilities.

Consider two scenarios:

There were no changes to income tax slabs or basic rates under either the old or new tax regime for FY 2026-27. That means individuals and corporations face the same rate structure, with no rate cuts or threshold increases.

- **Family A (Dual Earners):** Both spouses earn ₹7 lakh each. Total household income is ₹14 lakh. Because they file separately, neither taxpayer crosses their respective exemption thresholds, and the total tax payable may be minimal.
- **Family B (Single Earner):** One spouse earns ₹14 lakh, and the other is a homemaker. Total income is again ₹14 lakh, yet all of it gets taxed in one return. This family pays substantially more tax than Family A because income isn't split across two sets of tax slabs.

Proponents argued this created a systemic imbalance, penalising households with one primary earner or uneven income distribution between spouses.

The Proposed Solution: Doubling the Slabs

In its pre-budget recommendation, the ICAI suggested a restructured joint filing regime with revised slab limits:

- **Exemption Threshold:** The basic tax exemption would effectively double for a married couple filing jointly (for example, from ₹4 lakh to ₹8 lakh under the new tax regime).
- **Broader Slabs:** Higher tax rates would apply at higher combined income levels than under current individual slabs.
- **Standard Deductions:** Both spouses could still claim their respective standard deductions if salaried, even under joint filing.

Under this model, a household could pool incomes and apply a single set of slabs, which would produce tax liabilities that more closely reflect overall household earning capacity.

Reducing Tax Avoidance, Not Encouraging It

A side benefit proposed by proponents of joint filing was the simplification of compliance. Currently, high-income taxpayers sometimes try to “split” income by transferring income-producing assets to a low-income spouse, only to have Sections 64 and related anti-avoidance provisions apply. Under a genuine joint filing regime, such transfers would be redundant, as income would already be assessed at the household level, theoretically reducing litigation and administrative friction.

Despite these arguments, the Budget 2026–27 did not include any such joint filing mechanism. The idea remains a recommendation for future consideration and was not converted into law in the Finance Bill.

Social Equity and the “Invisible” Homemaker

Beyond tax savings, advocates argued that household-level taxation implicitly recognises a non-earning spouse’s economic contribution, for example, managing childcare or domestic responsibilities that enable the earning spouse to focus on work. By allowing the unused tax slabs of a non-earning spouse to be utilised in assessing the family’s combined tax liability, joint filing was positioned as a fairness reform. That logic resonated in pre-budget debates. However, with no joint filing introduced in the Budget, this remains a topic for future reform rather than an immediate policy change.

Global Comparisons

Countries like the United States, France, and Germany allow some form of joint or household-based taxation. In the U.S., “Married Filing Jointly” is common because it often reduces tax liability for couples compared with filing separately.

Indian tax experts referenced these global precedents to build the case for optional joint filing, but the Government’s stance in Budget 2026–27 ultimately did not adopt this model.

Why the Government Might Hesitate

Even though stakeholders spoke about joint taxation before the Budget, there are legitimate reasons why it wasn’t included in the final Budget:

- **Revenue Risks:** Allowing joint filing could reduce net tax collections, especially if many single-earner households shift to the new regime.
- **Secondary Earner Work Incentives:** If incomes are pooled, the marginal benefit of a second earner entering the workforce could diminish, potentially influencing labour participation decisions.

These complexities likely contributed to the Government’s decision to defer joint filing reforms beyond Budget 2026.

Conclusion

The ICAI’s joint taxation proposal ignited a constructive debate about how modern Indian families are taxed. It offered a vision of a tax code more aligned with household economics rather than individual silos. Yet in the actual Union Budget 2026–27, no joint filing system for married couples was introduced. Going forward, this idea may resurface in future budgets or tax law revisions, especially if policymakers decide to prioritise household-centric tax reforms. For now, Indian taxpayers continue to file individually, and couples should plan their tax strategy accordingly.

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