

NUDGE Campaign

Prelims: Current events of national and international importance | Governance

Why in News?

Recently, the Income Tax Department's data-driven NUDGE campaign has improved tax compliance, leading to Rs. 8,800 crores in additional tax.

- **Aim** - To encourage voluntary tax compliance through behavioural nudges using data analytics and digital communication instead of enforcement.
- NUDGE stands for **Non-intrusive Usage of Data to Guide and Encourage**.
- **Launched in** - NUDGE 1.0 - 2024
 - Focus - General compliance
- NUDGE 2.0 - 2025
 - Focus - Foreign assets and foreign income disclosure.
- **Organised by** - **Income Tax Department under the Central Board of Direct Taxes (CBDT), Ministry of Finance**.
- **Key Highlights - Digital Nudges** - Uses targeted emails, SMS, and e-verification.
- **Target** - Focus on high-risk 'A category' taxpayers with income above ₹12 lakh.
- **Preventive Approach** - Uses data analytics and behavioural insights to prompt voluntary compliance before enforcement action.
- **SAKSHAM Framework** - Structured tax nudging process. It includes,
 - S - Sankalan (Compilation of Data),
 - A - Anusandhan (Research and analytics),
 - K - Kriyanvyan (Identifying whom to nudge),
 - S - Sampark (Communicating to create awareness and guide behaviour),
 - H - Hastak (Handholding and facilitation, such as through FAQs),
 - A - Adhikaar (Allowing revision of returns to foster trust),
 - M - Mulyankan (Assessment).
- **Significance** - Generated crores of additional tax in two years.
- **Outcome** - **60% of 1.11 crore respondents were non-filers**, showing behavioural impact.
- **Error Reduction** - Rs. 1,750 crore refund claims reduced.
- **Trust Building** - Promotes a collaborative, non-adversarial tax system.
 - Reduces the burden of mass scrutiny.

Reference

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