



How India Filed in 2025

Annual Report



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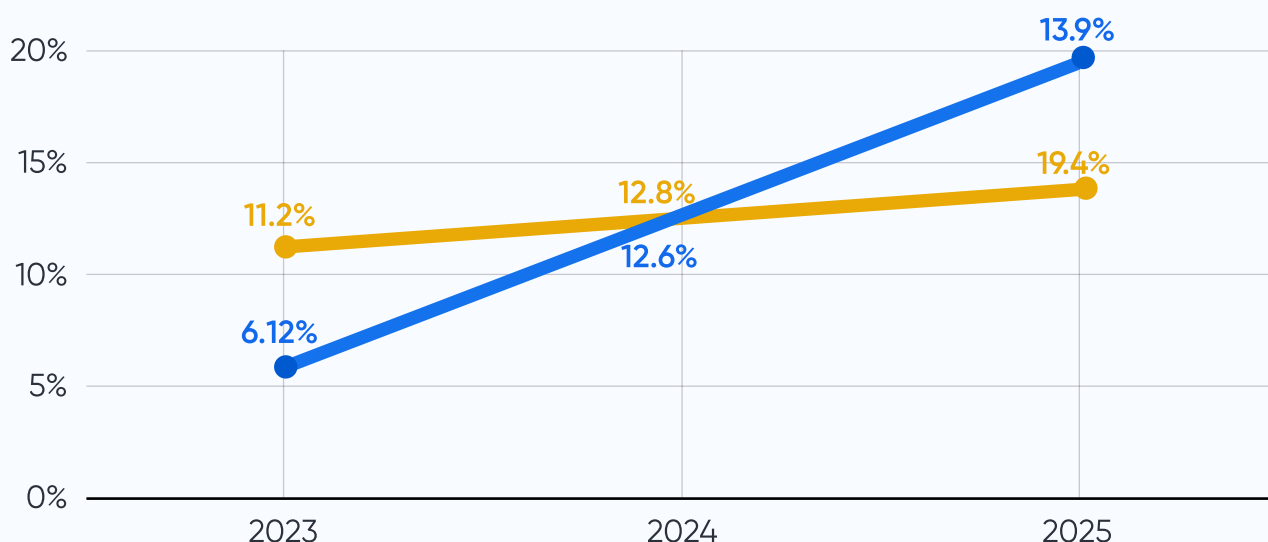
CHAPTER 1

India's Evolving Tax Landscape

Macro Trend

- Salary is no longer the only source of income for many taxpayers.
- Tax returns have become individuals' "**financial biography**" for the year.
- The data shows a **45.4%** explosion in ITR-3 segment, and about **17.0%** surge in ITR-2 filings compared to last year.
- Tax returns today reflect the full financial life of individuals, not just their salary.

ITR 3 Filing Year-on-Year Growth ClearTax vs Govt Data



CHAPTER 2

The New Money Generation

The Portfolio Shift

- India's biggest filing shift is being majorly driven by **25–35 year olds**.
- This cohort alone now accounts for **42.3% of all complex ITR-3 filings** in India.
- Millennials dominate both new & returning trader filers, confirming this is a long-term, sticky behavior.
- They are the most active cohort when it comes to managing risk and finances.

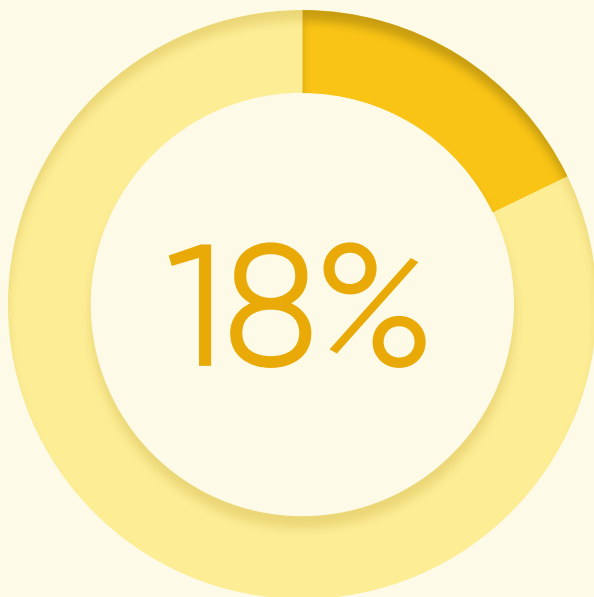


CHAPTER 3

The Early Investors

Below 25

- ITR-2 filings among the under-25 age category grew by around **18% year on year**.
- Their first tax return already includes capital gains, not just salary.



The under-25 taxpayer is entering the system with market exposure from day one.

This shows a real shift in how young Indians build wealth. Earlier generations spent their 20s saving slowly and playing it safe. This generation is starting earlier, entering the workforce already investing and trading. For them, wealth-building is no longer tied only to promotions and a higher salary ladder.

CHAPTER 4

Diversification Beyond Salary

The New Default

- The typical filer now has multiple income streams, not just salary.
- This shows a growing group managing both trading and long-term investments.
- The multi-source income portfolio is the new default, not the exception.

A notable **83.38%** (8 in 10) of all ITR-3 filings also reported Capital Gains income.



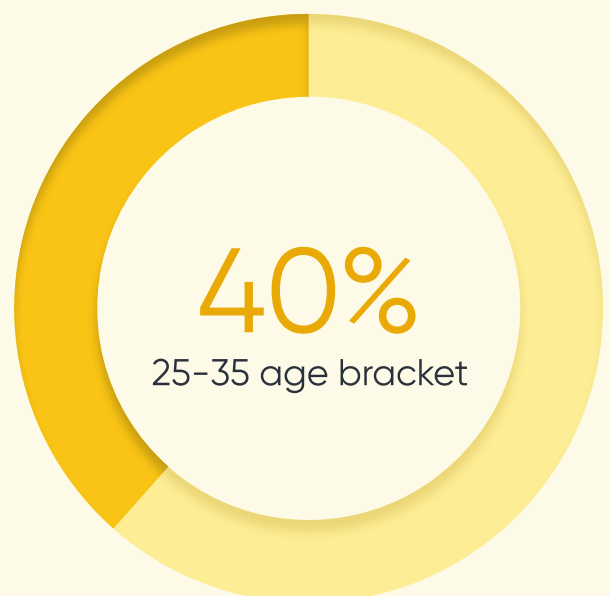
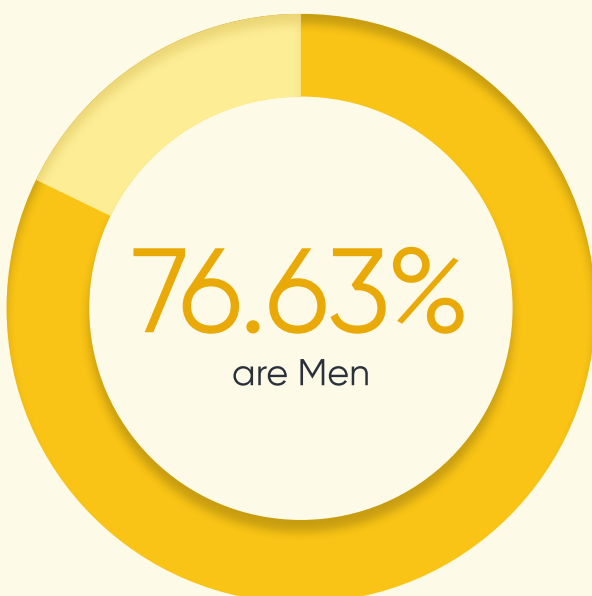
CHAPTER 5

Inside The Crypto Market

A Portfolio Add-On

- Crypto (VDA) has emerged as a high-niche asset class, not a mainstream investment.
- **Half** of all VDA filers are also ITR-3 traders.
- For these taxpayers, crypto sits alongside salary, stocks, and F&O, not as a side hobby. This points to deliberate, high-risk traders rather than casual participants.

VDA Filing is Largely Driven by Younger Male Taxpayers



CHAPTER 6

Balancing Multiple Incomes

The New Niche

- A new group of taxpayers is emerging; ones who earn from salary, investments, and business income at the same time.
- **Over half of them (51%)** are millennials, mostly in the 30–40 age group.
- These filers represent the most complex and high-value segment of the tax ecosystem.

This marks the end of the single-income career. Today's professionals treat their careers like a portfolio: salary for stability, business income for growth, and investments for long-term wealth. They're not just working; they're building a safety net.



CHAPTER 7

The Rich Getting Richer

The Compounding Class

Salaries of professionals earning **₹30L+** saw clear year-on-year growth.

High-income salaried filers increased their share from **18.49% (2024) to 23.34% (2025)** of all salaried filers.

More people are doing tax filing on their own and taking charge of their finances and taxation.

India's middle and upper-middle class is visibly climbing income tiers, with the rich getting richer and career trajectories strengthening.

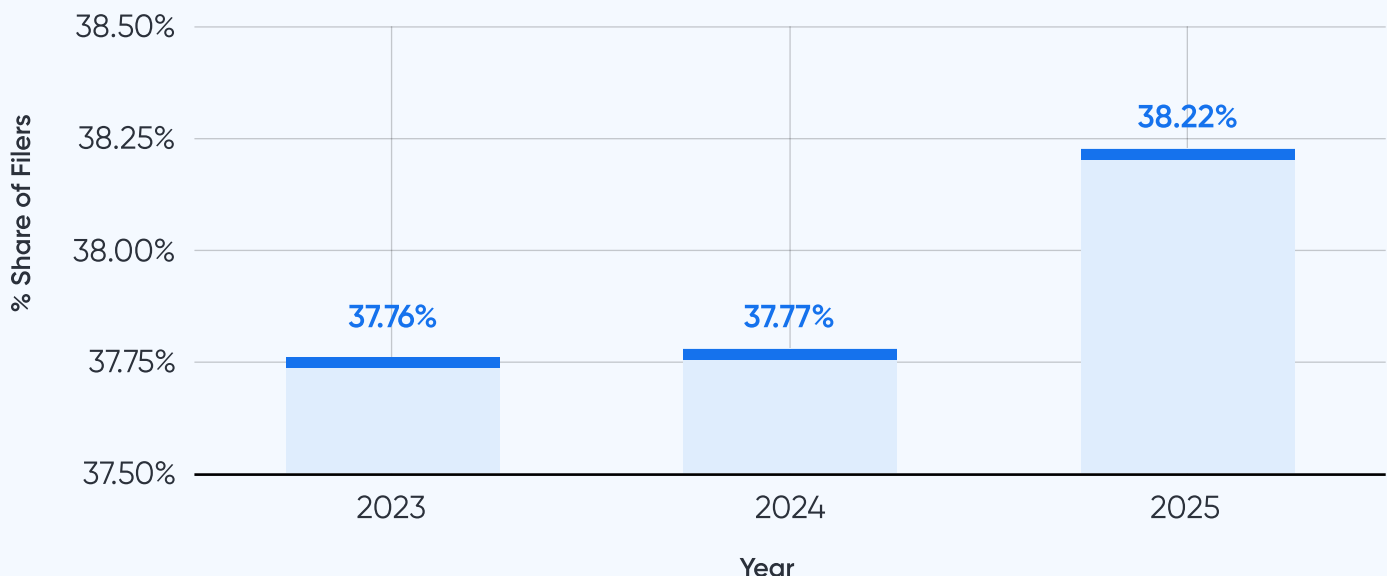
CHAPTER 8

The Age of Maximum Earnings

The Prime Earning Years

- The 40-50 age bracket represents India's prime earning years
- They represent India's **"Corner Office"** generation in tax data.
- This cohort forms the stable high-income engine of the salaried economy.
- Exactly **38.1% (nearly 4 in 10)** of salaried filers in this group sit in the ₹30L+ income bracket.

Share of Income Tax Filers Aged 40-50 with Income Over ₹30 lakh.



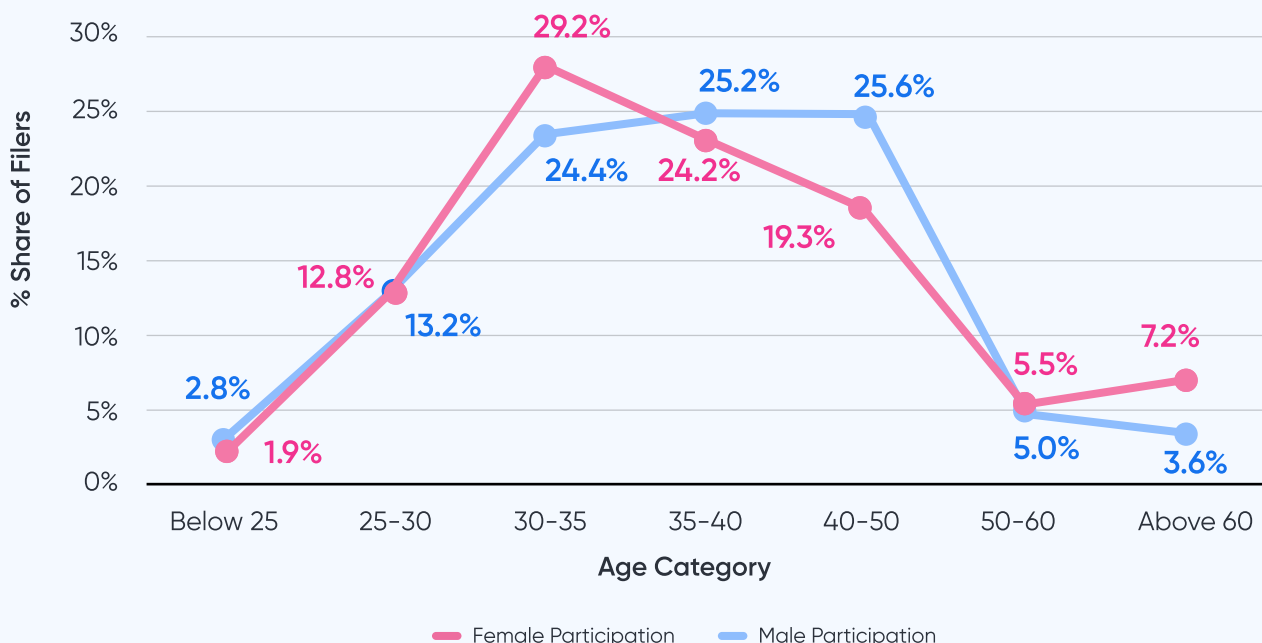
CHAPTER 9

Women in Career Transition

The Gap

- Female participation is highest in the 30–35 age bracket, where **women make up 26.8%** of filers in this category.
- It then drops sharply to its **lowest point (19.5%)** in the high-earning 40–50 age group.
- This data confirms women’s highest participation does not align with peak earning years.
- Women’s participation falls sharply just as earnings peak in mid-career.

Share of Income Tax Filers by Age and Gender



CHAPTER 10

Brokers Shaping Markets

The Gateway

- With a **45.4% jump in ITR-3** filings and **83.38% overlap with capital gains**, brokers are the route to wealth creation.
- The growth in ITR-2 and ITR-3 points to investing becoming a mainstream activity.
- For many young Indians, the tax journey now starts with a trade, not a job.
- Brokers are increasingly becoming the first point of entry into the financial system.



Conclusion

The Rise of the Hybrid Indian

With the 2025 tax season, India's taxpayers have transitioned from saving to building wealth actively. Indian taxpayers are now leading their own financial growth.

- **Capital markets as a career path**

More Indians now see capital markets as a serious income option, not just a risky side activity. Investing and trading are no longer viewed with fear, but as a way to build long-term financial security beyond a monthly salary.

- **The system is catching up**

The line between "salaried employee" and "business owner" is fading, as shown by changes in ITR-1 and ITR-4. The tax system is starting to recognize people who earn from multiple sources, not just one. Instead of forcing taxpayers into fixed categories, the system is adjusting to how income really works today.

- **Future expectations**

Complex tax filings are no longer limited to the wealthy. As freelancing, investing, and trading become common, simple returns are disappearing. Filing taxes is getting more complicated for everyday earners, making AI-assisted filing less of a luxury and more of a necessity.