

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

RAJYA SABHA

QUESTION NO 09.11.2010

ANSWERED ON

IMPACT OF TAX INCENTIVES ON ECONOMY .

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Dr. Anil Kumar Sahani

Will the Minister of COALCOALCOALCOALFINANCE be pleased to state :-

(a) whether out of 4.50 lakh registered Corporate Bodies, only 50,000 pay taxes;

(b) if so, the details thereof;

(c) whether Government has identified the reasons for not paying taxes by the remaining four lakh registered corporate bodies;

(d) if so, the details thereof;

(e) whether tax incentives have cost Government `68,914 crore revenue in 2008-09;

(f) if so, whether there is any proposal to review the negative impact of tax incentives on the economy; and

(g) if so, the details thereof?

ANSWER

MINISTER OF STATE OF THE MINISTRY OF FINANCE

(SHRI S.S. PALANIMANICKAM)

(a) & (b) Out of about 4,10,000 companies who filed the return of income in the Financial Year 2008-09, the number of companies who paid taxes was about 2,35,000.

(c) & (d) The reasons for not paying taxes by about 1,75,000 companies could be either reported losses of the year or set-off of the losses/ unabsorbed depreciation allowance brought forward from preceding year(s) or admissible exemptions / deductions under various provisions of the Income Tax Act, 1961; etc.

(e) Yes Sir.

(F) & (g) The provisions regarding profit-linked deductions / exemptions (which account for the maximum revenue forgone) are being replaced by investment-linked deductions/exemptions for specified sectors.