

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO. - 544

ANSWERED ON 07.02.2023

REVENUE LOSS FROM CORPORATE TAX REDUCTION

544. SHRI A. A. RAHIM:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has estimated the revenue loss due to the reduction in Corporate tax from 30 per cent to 22 per cent in 2019-20;
- (b) if so, the amount of revenue loss for 2020 and 2021;
- (c) whether Government is planning to revise the rate of Corporate tax to overcome this revenue loss;
- (d) if so, the details thereof; and
- (e) if not, the details of the manner in which Government will overcome this loss of revenue?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) As mentioned in the Statement of Revenue Impact of Tax Incentives under the Central Tax System in the Receipt Budget 2022-23, 62% of the reported aggregated total income of all companies has opted for the new concessional tax scheme under section 115BAA of the Income-tax Act, 1961 for FY 2019-20. Based on this, and neglecting the impact of non-availability of exemptions under this regime, the estimated revenue loss on account of the corporate tax rate reduction from 30 per cent. to 22 per cent. in FY 2019-20 has been re-estimated to be Rs. 128,170 crores.

(b) As mentioned in the Statement of Revenue Impact of Tax Incentives under the Central Tax System in the Receipt Budget 2023-24, 61% of the reported aggregated total income of all companies has opted for the new concessional tax scheme under section 115BAA of the Income-tax Act, 1961 for FY 2020-21. Based on this, and neglecting the impact of non-availability of exemptions under this regime, the estimated revenue loss in FY 2020-21 has been re-estimated to be Rs. 100,241 crores.

(c) There is no such proposal.

(d) Not applicable in view of reply of (c) above.

(e) In FY 2021-22 there has been resurgence in corporate tax collection which shows growth of about 56 % as compared to the tax collection of FY 2020-21. It may be noted that the corporate tax collection of FY 2021-22 of Rs 7.12 lakh crore is even higher than the corporate tax collection of FY 2018-19. The current year has further shown buoyancy in corporate tax collection so far which is due to economic growth and new investment as a result of reduction in corporate tax.