

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE

**RAJYA SABHA**  
**UN-STARRED QUESTION NO. 233**  
ANSWERED ON TUESDAY, THE 22 JULY, 2025/ 31 ASHADHA, 1947 (SAKA)

**CORPORATE TAX RATE**

233. Shri Raghav Chadha

Will the Minister of FINANCE be pleased to state:

- (a) The year-wise details of the reduction in corporate tax rates from the year 2014 till date, including surcharge and cess;
- (b) The objectives and rationale stated by Government at the time of each tax rate reduction;
- (c) The estimated loss to the exchequer due to these reductions, year-wise from 2019-20 to 2024-25, and for current financial year (2024-25) till date;
- (d) Whether any impact assessment has been conducted by Government to evaluate the effectiveness of corporate tax cuts in promoting private investment, economic growth and employment generation; and
- (e) If so, the key findings thereof?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)

- (a) & (b) Vide successive Finance Acts, the corporate tax rates have been gradually reduced while phasing out the exemptions and incentives available to the corporates. The details of the same are as under:
- (i) Vide Finance Act, 2016, the corporate tax rates were reduced to 29% of the total income to promote growth, boost investment and create more job opportunities.
  - (ii) Vide Finance Act, 2017, the corporate tax rates were reduced to 25% of the total income to *inter alia* make smaller domestic companies having annual turnover of Rs. 50 crores more viable and to encourage firms to migrate to company format.
  - (iii) With an intent to attract fresh investments, create jobs and simulate the overall economy, the Taxation Laws (Amendment) Act, 2019 *inter alia* inserted section 115BAA and section 115BAB in the Income tax Act, 1961. Section 115BAA

provides reduced tax rates of 22% (effective rate 25.17% including surcharge and cess for existing domestic companies not availing any incentive or deduction. Section 115BAB provides concessional tax rate of 15% (effective rate 17.16% including surcharge and cess) for new manufacturing companies which have been set up or registered on or after 01.10.2019 and which commenced manufacturing or production by 31.03.2024 and did not avail any incentive or deductions.

- (iv) Vide Finance (No. 2) Act, 2024, tax rates have been reduced from 40% to 35% on the income of foreign companies (other than that chargeable at special rates) to promote investment and employment.

(c) The estimated revenue forgone due to the tax incentives by way of various deductions in corporate tax, year-wise from F.Y. 2019-20 to F.Y. 2023-24 has been laid before the Parliament as part of Budget Documents and the same is as under:

<b>Financial Year</b>	<b>Total Revenue Forgone (corporate tax) (In Rs. Crore)</b>
2019-20	8,043
2020-21	75,218
2021-22	96,892
2022-23	88,109
2023-24	98,999 (projected)

Source – Receipt Budget 2025-26, 2024-25, 2023-24, 2022-23

Estimated revenue foregone for the financial year 2024-25 till date is not available.

- (d) No.

- (e) Does not arise in view of part (d)

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