

**Government of India
Ministry of Finance
Department of Revenue**

**LOK SABHA
UNSTARRED QUESTION NO. 2769
TO BE ANSWERED ON FRIDAY, DECEMBER 2, 2016
AGRAHAYANA 11, 1938 (SAKA)**

TAXES FOREGONE

**2769: SHRI SIRAJUDDIN AJMAL:
DR. MANOJ RAJORIA:**

Will the Minister of FINANCE be pleased to state:

- (a) the amount of customs, excise, income and corporate taxes foregone during each of the last three years and current year along with the reasons therefor, category-wise; and
- (b) the measures taken by the Government to reduce the quantum of revenue foregone?

**ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SANTOSH KUMAR GANGWAR)**

(a):
Direct Tax

Various tax incentives in the form of exemptions/deduction/special rates of depreciation/rebates, etc are provided under the Income-tax Act,1961 to promote exports; balanced regional development; creation of infrastructure facilities; employment; donations for charity and rural development; scientific research and development; and the cooperative sector, etc. These direct tax concessions form part of overall fiscal incentives provided by the government to realise macroeconomic objectives and achieve policy goals of development and growth of various sectors of economy. The revenue impact of Direct tax incentives for the last three years are as follows:

(Rs. in Crore)

Financial Year	Corporate Income-tax	Personal Income-tax	Total
2013-14	57,793	35,254	93,047
2014-15	65,067	53,526	1,18,593
2015-16 (Projected)	68,711	59,928	1,28,639
2016-17 (Current year)	Revenue Foregone cannot be estimated for the current year.		

Indirect Tax

Customs and Central excise duty exemptions are extended to goods in general, considering inter alia the public interest. The revenue impact of Indirect tax incentives for the last three years are as follows:

(Rs. in Crore)

Financial Year	Revenue Impact of Tax incentives		
	Customs Duty	Excise Duty	Total
2013-14	2, 60, 714	1, 96, 223	4, 56, 937
2014-15	2, 38, 967	1, 96, 789	4, 35, 756
2015-16 (Estimated)	2, 57, 549	2, 24, 940	4, 82, 489
2016-17 (Current year)	These figures will be given along with next Budget.		

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(b):

Direct Tax

The policy of Government as announced by Finance Minister during Union Budget Speech 2015 is to phase out all deductions/exemptions/special rates under the Income-tax Act along with phased reduction of corporate tax rates from 30% to 25 % in four years. Accordingly, phase out plan was implemented vide Finance Act, 2016 by providing sunset clause to different sections providing deductions and exemptions in the Income tax Act. This step is likely to reduce revenue foregone in coming years.

Indirect Tax

Customs and Central Excise duty exemptions/ concessions are reviewed every year as part of the Budget Exercise. Some of the steps taken in this regard in last five fiscal years are as under:

- (i) With a view to prepare for transition towards the GST regime, in Budget 2011-12, central excise duty exemption was withdrawn on 130 items which are essentially consumer items and are presently chargeable to VAT.
- (ii) In Budget 2012-13, the effective rate of excise duty on non-petroleum products of 10% was increased to 12%, concessional rate of excise duty of 5% was increased to 6% and the lower rate of 1% was increased to 2% (except precious metals, jewellery, coal and fertilizers).
- (iii) In Budget 2013-14 customs duty was increased on high-end cars from 75% to 100% and on high-end motor cycles from 60% to 75%. Customs duty was levied on steam coal.
- (iv) In Budget 2014-15 customs duty was increased on coking coal from NIL to 2.5%, on steam coal and bituminous coal from 2% to 2.5%, on metallurgical coke from Nil to 2.5%, on stainless steel flat products from 5% to 7.5%, on specified telecommunication products not covered under the ITA (Information Technology Agreement) from NIL to 10%. Excise duty was imposed on Polyester Staple Fiber/ Polyester Filament Yarn manufactured from plastic waste or scrap or plastic waste including waste polyethylene terephthalate (PET) bottles.
- (v) In Budget 2015-16, customs duty was increased on metallurgical coke from 2.5% to 5%. Excise duty of 2% without CENVAT credit or 6% with CENVAT credit was levied on condensed milk put up in unit containers and on peanut butter.
- (vi) In post-Budget 2015-16, excise duty exemption to defence PSUs and Ordnance Factory Board was withdrawn w.e.f. 01.06.2015. Also, CVD and SAD exemption on imports of certain cases of defence supplies was withdrawn w.e.f. 01.06.2015.
- (vii) The concessional rate of excise duty on petrol and diesel (both branded and unbranded) was increased in a phased manner since November 2014.
- (viii) In Budget 2016-17:
 - Excise duty of 2% (without CENVAT credit) and 12.5% (with CENVAT credit) was imposed on branded readymade garments and made up articles of textiles of retail sale price of Rs.1000 or more.
 - Excise duty of 1% (without CENVAT credit) and 12.5% (with CENVAT credit) was imposed on Articles of Jewellery [excluding silver jewellery, other than those studded with diamonds, ruby, emerald or sapphire].
 - Basic Customs Duty on Cashew nuts in shell was increased from Nil to 5%.
 - The BCD, CVD and SAD exemption on direct imports of specified defence supplies by Government of India or State Governments was withdrawn with effect from 01.04.2016.
