

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

**LOK SABHA
UNSTARRED QUESTION NO. 5611
TO BE ANSWERED ON FRIDAY, APRIL 07, 2017
CHAITRA 17, 1939 (SAKA)**

TAX REBATES

†5611. SHRI ANANTKUMAR HEGDE:

Will the Minister of Finance be pleased to state:

- (a) whether the Government provides incentives through rebate in taxes to individuals and industries;
- (b) if so, the details thereof along with the decline in revenue of the Government due such rebate in taxes to individuals and industries during the last three years and the current year;
- (c) whether the Government has revised the calculation pattern in tax rebates;
- (d) if so, the details thereof and the new pattern adopted in this regard; and
- (e) the extent by which the new calculation pattern is different from the earlier pattern?

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

(a) : Yes, Madam.

Direct Tax

The tax rebate is provided to individuals under section 87A of the Income-tax Act, 1961' the Act'.

Indirect Tax

It is the policy of the Government to zero rate export of goods and services. The duty paid on the exported goods and services and the materials used in the exported goods, input services are refunded in the form of rebates and drawback.

(b):

Direct Tax

Under section 87A of the Act as amended by Finance Act, 2017, rebate up to Rs. 2500 is provided from the income-tax payable to a resident individual if his total income does not exceed Rs. 3,50,000 The revenue impact of the rebate for the current year is not available. However the figures for the last three years are as follows:

S No	Financial Year	Revenue impact of tax rebate/s 87A (in Rs. cr.)
1.	2014-15	3,397
2.	2015-16	3,140
3.	2016-17 (Projected)	8,242

Indirect Tax

The Central Government, by notification, grants rebate of duty paid on such excisable goods or duty paid on materials used in the manufacture or processing of such goods, where any goods are exported under Rule 18 of Central Excise Rules, 2002. The Duty Drawback is paid under the Customs Act, 1962 & Customs, Central Excise Duties and Service Tax Drawback Rules 1995. There has been no decline in the indirect tax revenue of the Government in the last three years. The provisional figures for total indirect tax collections for the year 2014-15 is 5.44 lakh crores, 2015-16 is 7.09 lakh crores and for 2016-17 is Rs. 8.63 lakh crores.

(c) to (e):

Direct Tax

Prior to amendment by Finance Act, 2017 the provisions of section 87A of the Act provided for a rebate up to Rs. 5000 from the income-tax payable to a resident individual if this total income does not exceed Rs. 5,00,000. In view of rationalisation of tax rates for individuals in the income slab of Rs. 2,50,000 to Rs.5,00,000, Finance Act,2017 amended section 87A to reduce the maximum amount of rebate available under this section from existing Rs. 5000 to Rs. 2500 and available only to resident individuals whose total income does not exceed Rs. 3,50,000. The amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent assessment years.”

Indirect Tax

There has been no recent change in calculation pattern of tax rebate.
