

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA UNSTARRED QUESTION NO. 1843
TO BE ANSWERED ON 21st DECEMBER (FRIDAY) 2018
AGRAHAYANA 30, 1940 (SAKA)

Rank on Paying Taxes

1843. SHRI KONDA VISHWESHWAR REDDY

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government is aware that the rank of India on 'paying taxes' parameter in world Bank's Doing Business Report declined to 121 from last year rank of 119;
- (b) If so, the reasons therefor;
- (c) Whether the Government is aware that said rank in 'resolving insolvency' dropped to 108 against last year's 103; and
- (d) If so, the details thereof and the reasons therefor?

ANSWER

Minister of State (Finance) (Shri P. Radhakrishnan)

(a) : Yes, Sir.

(b) : The World Bank Doing Business Report is a comparative assessment among 190 countries. Inter-se rank of the countries depends on the achievement of a country on an indicator as compared to other countries measured by distance from the best country in the indicator. As a result of implementation of reforms like Goods & Service Tax, India has improved its score from 65.23% to 65.36% in Paying Taxes. India's rank, however slipped as other countries have improved their score and have moved ahead in rank. The assessment period for the Paying Taxes indicator considered in the latest doing business report is from 1st January 2017 to 31st December 2017. The indicator measures numbers of payments, time required to prepare, file and pay various taxes, total tax contributions made by a company and post filing index related to procedures and time taken for GST and Corporate tax refunds. As Goods and Service Tax system is a new system, users need time to get familiarized with the new processes, return formats etc. and it is expected that system improvements in the current year will lead to significant improvement in ranking in Doing Business Report ranking in next year.

(c) Yes, Sir

(d): As explained here in above, Inter-se rank of the countries depends on the achievement of a country on an indicator as compared to other countries measured by distance from the best country in the indicator. As a result of implementation of reforms like Bankruptcy Code, India has improved its score from 40.75% to 40.84% in Resolving Insolvency. India's rank, however slipped as other countries has improved their score in the indicator by more and have moved ahead in rank. Sub-parameters such as recovery rate, time for insolvency, resolution and strength of insolvency framework are measured. Significant outcome of the IBC resolutions has come about in 2018-19 and will be taken into account in Doing Business Report in next year.

As the IBC was recently introduced and users are taking time to fully acquaint themselves with the reforms, full benefit of IBC will be available to India in the next assessment in next year.

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