Government of India
Ministry of Finance
Department of Revenue
LOK SABHA
UNSTARRED QUESTION NO. 2870
TO BE ANSWERED ON FRIDAY, DECEMBER 28, 2018
PAUSHA 7, 1940 (SAKA)

TAX GDP RATIO

<table>
<tr><th>Question</th><th>Answer</th></tr>
<tr><td>†2870. SHRIMATI VEENA DEVI:

Will the Minister of FINANCE be pleased to state:</td><td></td></tr>
<tr><td>(a) whether the tax-GDP ratio is reported to have increased in roll out era post Goods and Services Tax (GST) in the country;

(b) if so, the details thereof;</td><td>(a) & (b): The details of Direct Tax to Gross Domestic Product (GDP) Ratio and Central Indirect Tax to GDP ratio over the last three years are as under:

<table>
<tr><th>Financial Year</th><th>Direct Tax GDP Ratio</th><th>Central Indirect Tax GDP Ratio</th></tr>
<tr><td>2015-16</td><td>5.47%</td><td>5.16%</td></tr>
<tr><td>2016-17</td><td>5.57%</td><td>5.65 %</td></tr>
<tr><td>2017-18</td><td>5.98%*</td><td>5.43%</td></tr>
</table>
*Provisional</td></tr>
<tr><td>(c) the hike in tax-GDP ratio upto October, 2018 since enforcement of GST in the country;</td><td>(c): Tax-GDP ratio is calculated with respect to a full financial year and not part of a year due to seasonality in the collection of direct taxes resulting from statutory rates of advance tax and compliance behavior of taxpayers. As per budget estimate (BE), the indirect-tax (including CGST, IGST & Compensation cess) to GDP ratio for 2018-19 has been fixed at 5.96%.</td></tr>
<tr><td>(d) whether the Government has made assessment regarding the need to simplify tax collection rules to increase tax-GDP ratio in the country; and

(e) if so, the reaction of the Government thereto?</td><td>(d) & (e) : Several legislative steps, including simplification of tax collection rules, have been taken to increase the tax-GDP ratio, including:

(a) Tax collection at source (TCS) at the rate of 1% introduced on sale of minerals being Coal, Lignite, and Iron ore for trading purpose.
(b) Tax deduction at source (TDS) introduced at the rate of 1% on payment for acquisition of immovable property (other than rural agricultural land) having value of Rs. 50 lakh or more.
(c) The scope of TCS expanded by providing for TCS at the rate of 1% on sale of motor vehicle of the value exceeding Rs. 10 lakh.
(d) A new presumptive taxation regime in case of professionals introduced to bring small taxpayers and those in the unorganized sector within the tax fold by reducing the compliance burden.
(e) A new tax in the form of "Equalisation Levy" at the rate of 6% of the amount paid imposed on e-</td></tr>
</table>

	commerce transactions. (f) Tax on income exceeding Rs. 10 lakh by way of dividends at the rate of 10%. (g) Tax rate for the slab of income from Rs. 2.5 lakh to Rs. 5 lakh was reduced from 10% to 5% in order to encourage voluntary compliance. (h) Tax rate of domestic companies having annual turnover up to Rs.250 crore reduced from 30% to 25% to encourage corporatization of business entities. (i) TDS at the rate of 5% on payment of rent exceeding Rs.50,000/- per month. (j) The scope of information collection under the Statement of Financial Transactions (SFT) to be furnished widened to collect more types of third-party information. Further, to improve revenue collection, the steps which are being taken include introduction of e-way bill, simplification of measures for filing tax returns, steps to capture invoice details of transactions so that the same could be matched with credit taken and verification of transition credit availed by tax payers. Further, in the GST regime tax base has been increased. At present, about 11621024 tax payers are registered with GSTIN which includes both regular tax payers as well as tax payers under composite scheme.