

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 1240**

TO BE ANSWERED ON MONDAY 25<sup>TH</sup> NOVEMBER, 2019 AGRAHAYANA 4, 1941 (SAKA)

**INCREASE IN CORPORATE TAX**

1240. SHRI DIBYENDU ADHIKARI:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is true that India's corporate tax is the lowest among the South East Asian countries;
- (b) if so, the reasons therefor;
- (c) whether the Government has any plans to increase the corporate tax; and
- (d) if so, the details thereof and if not, the reasons therefor?

**ANSWER**

THE MINISTER OF STATE IN MINISTRY OF FINANCE  
(SHRI ANURAG SINGH THAKUR)

(a) and (b): The corporate tax rate of ASEAN countries are as under:

Country	Tax Rate (%)
Philippines	30
Indonesia	25
Myanmar	25
Laos	24
Malaysia	24
Cambodia	20
Thailand	20
Vietnam	20
Brunei	18.5
Singapore	17
Timor	10

2. With regard to the corporate tax rate in India it may be noted that The Taxation Laws (Amendment) Ordinance, 2019 (Ordinance) promulgated on 20.09.2019 amended the Income-tax Act, 1961 (the Act) and the Finance Act to, *inter alia*, reduce the corporate tax rates such that section 115BAA inserted in the Act read with section 2 of the Finance Act provides that an existing domestic company may pay tax at 22% plus surcharge at 10% and cess at 4%, if it does not claim any incentive, deduction.

3. Further, section 115BAB has also been inserted in the Act to provide that a domestic company (set up on or after 1<sup>st</sup> October, 2019) engaged in manufacturing or production of any article or things and research in relation to, or distribution of, such article or thing manufactured or produced by it, and commencing manufacturing by 31<sup>st</sup> March, 2023, may opt to pay tax at 15% plus surcharge at 10% and cess at 4%, if it does not claim any incentive, deduction.

4. These companies would also not be subjected to Minimum Alternate Tax (MAT). Also, in order to ease the burden of MAT on the companies which continue to avail incentives, section 115JB of the Act has been amended to reduce the existing general rate of MAT from 18.5% plus surcharge and cess to 15% plus surcharge and cess.

5. A comparison of the corporate tax rates of ASEAN countries in the above table with the reduced corporate tax rate in India for new manufacturing companies shows that the corporate tax rate is lower in India than corporate tax rate in most ASEAN countries.

(c) & (d) There is no such proposal.

-----

## LOK SABHA

Un-starred Question No: 1240

To be answered on: Monday, November 25, 2019/Agrahayana 4, 1941(Saka)

### Increase in Corporate Tax

QUESTION	ANSWER																								
<p>1240. SHRI DIBYENDU ADHIKARI:</p> <p>Will the Minister of FINANCE be pleased to state:</p> <p>(a) whether it is true that India's corporate tax is the lowest among the South East Asian countries;</p> <p>(b) if so, the reasons therefor;</p>	<p>(a) and (b): The corporate tax rate of ASEAN countries are as under:</p> <table border="1" data-bbox="529 1438 1321 1861"><thead><tr><th>Country</th><th>Tax Rate (%)</th></tr></thead><tbody><tr><td>Philippines</td><td>30</td></tr><tr><td>Indonesia</td><td>25</td></tr><tr><td>Myanmar</td><td>25</td></tr><tr><td>Laos</td><td>24</td></tr><tr><td>Malaysia</td><td>24</td></tr><tr><td>Cambodia</td><td>20</td></tr><tr><td>Thailand</td><td>20</td></tr><tr><td>Vietnam</td><td>20</td></tr><tr><td>Brunei</td><td>18.5</td></tr><tr><td>Singapore</td><td>17</td></tr><tr><td>Timor</td><td>10</td></tr></tbody></table> <p>2. With regard to the corporate tax rate in India it may be noted that The Taxation Laws (Amendment) Ordinance, 2019 (Ordinance) promulgated on 20.09.2019 amended the Income-tax Act, 1961 (the Act) and the Finance Act to, <i>inter alia</i>, reduce the corporate tax rates such that section 115BAA inserted in the Act read with section 2 of the Finance Act provides that an existing domestic company may pay tax at 22% plus</p>	Country	Tax Rate (%)	Philippines	30	Indonesia	25	Myanmar	25	Laos	24	Malaysia	24	Cambodia	20	Thailand	20	Vietnam	20	Brunei	18.5	Singapore	17	Timor	10
Country	Tax Rate (%)																								
Philippines	30																								
Indonesia	25																								
Myanmar	25																								
Laos	24																								
Malaysia	24																								
Cambodia	20																								
Thailand	20																								
Vietnam	20																								
Brunei	18.5																								
Singapore	17																								
Timor	10																								

<p>(c) whether the Government has any plans to increase the corporate tax; and (d) if so, the details thereof and if not, the reasons therefor?</p>	<p>surcharge at 10% and cess at 4%, if it does not claim any incentive, deduction.</p> <p>3. Further, section 115BAB has also been inserted in the Act to provide that a domestic company (set up on or after 1<sup>st</sup> October, 2019) engaged in manufacturing or production of any article or things and research in relation to, or distribution of, such article or thing manufactured or produced by it, and commencing manufacturing by 31<sup>st</sup> March, 2023, may opt to pay tax at 15% plus surcharge at 10% and cess at 4%, if it does not claim any incentive, deduction.</p> <p>4. These companies would also not be subjected to Minimum Alternate Tax (MAT). Also, in order to ease the burden of MAT on the companies which continue to avail incentives, section 115JB of the Act has been amended to reduce the existing general rate of MAT from 18.5% plus surcharge and cess to 15% plus surcharge and cess.</p> <p>5. A comparison of the corporate tax rates of ASEAN countries in the above table with the reduced corporate tax rate in India for new manufacturing companies shows that the corporate tax rate is lower in India than corporate tax rate in most ASEAN countries.</p> <p><b>(c) &amp; (d)</b> There is no such proposal.</p>
---	---