

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 1332

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

CORPORATE TAX

1332. SHRI COSME FRANCISCO CAITANO SARDINHA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has reduced corporate tax to benefit the rich and arrears and payments have not been given to the employees, although tax code report is now with the Government;
- (b) if so, the details thereof; and
- (c) the reasons for not taking action to help individuals and increase the demand to benefit the slowing economy?

ANSWER

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

(a), (b) and (c): The Taxation Laws (Amendment) Ordinance, 2019, promulgated on 20th September, 2019, *inter alia*, reduced corporate tax rates applicable to domestic companies to provide 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. They would also not be subjected to Minimum Alternate Tax (MAT).
 - a domestic company (set up on or after 1st 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 31st 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. They would also not be subjected to MAT.
 - in order to ease the burden of MAT on the companies which continue to avail incentives, the existing general rate of MAT has been reduced from 18.5% plus surcharge and cess to 15% plus surcharge and cess.
2. The reduction in corporate tax rates is expected to attract fresh investment, create jobs and stimulate overall economic growth.

3. The increased incomes in the hands of the corporates also implies that the corporates will have increased surplus to make fresh investments. Alternatively, the corporates may also choose to distribute the increased surplus to individuals, increasing the disposable income in the hands of the individual. Both these measures will lead to a boost in the demand in the economy

4. It may also be noted that over the past years, the Government has provided personal income tax relief to tax payers taking into account the overall needs of the economy. Recent initiatives undertaken are as under:

- Vide Finance Act 2014, the basic tax exemption limit was enhanced from Rs. 2 lakh to Rs 2.5 lakh. Further, the said Act also increased the limit for claiming deduction under section 80C of the Income-tax Act, 1961(the Act) from Rs 1 lakh to Rs 1.5 lakh.
- Finance Act, 2017, reduced the rate of income-tax on individuals whose total income is between Rs 2.5 lakh to Rs 5 lakh from 10% to 5%.
- Standard deduction of Rs. 40,000 was introduced for salaried taxpayers as well as pensioners vide Finance Act 2018 which was further increased to Rs. 50,000 vide Finance Act, 2019.
- Finance Act, 2019 also provided for full tax rebate for individuals having taxable annual income up to Rs. 5 lakhs under section 87A of the Act.

LOK SABHA

Un-starred Question No: 1332

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

Corporate Tax

QUESTION	ANSWER
<p>1332. SHRI COSME FRANCISCO CAITANO SARDINHA:</p> <p>Will the Minister of FINANCE be pleased to state:</p> <p>(a) whether the Government has reduced corporate tax to benefit the rich and arrears and payments have not been given to the employees, although tax code report is now with the Government;</p> <p>(b) if so, the details thereof; and</p> <p>(c) the reasons for not taking action to help individuals and increase the demand to benefit the slowing economy?</p>	<p>(a), (b) and (c): The Taxation Laws (Amendment) Ordinance, 2019, promulgated on 20th September, 2019, <i>inter alia</i>, reduced corporate tax rates applicable to domestic companies to provide that:</p> <ul style="list-style-type: none">• 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. They would also not be subjected to Minimum Alternate Tax (MAT).• a domestic company (set up on or after 1st 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 31st 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. They would also not be subjected to MAT.• in order to ease the burden of MAT on the companies which continue to avail incentives, the existing general rate of MAT has been reduced from 18.5% plus surcharge and cess to 15% plus surcharge and cess. <p>2. The reduction in corporate tax rates is expected to attract fresh investment, create jobs and stimulate overall economic growth.</p> <p>3. The increased incomes in the hands of the corporates also implies that the corporates will have increased surplus to make fresh investments. Alternatively, the corporates may also choose to distribute the increased surplus to individuals, increasing the disposable income in the hands of the individual. Both these measures will lead to a boost in the demand in the economy</p> <p>4. It may also be noted that over the past years, the Government has provided personal income tax relief to tax payers taking into account the overall needs of the economy. Recent initiatives undertaken are as under:</p>

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