

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 95

TO BE ANSWERED ON MONDAY 18TH NOVEMBER, 2019 KARTIKA 27, 1941 (SAKA)

BENEFITS OF CORPORATE TAX CUTS

95. SHRI SYED IMTIAZ JALEEL:
SHRI ASADUDDIN OWAISI:
SHRI SUBBARAYAN K.:
SHRI M. SELVARAJ:
SHRI SHIVAKUMAR C. UDASI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has recently slashed corporate tax rate to make India a very attractive destination for foreign direct investment and generate employment opportunities;
- (b) if so, the details and the outcome thereof along with the total loss suffered by the Government in tax collection by reducing the corporate tax;
- (c) whether Indian companies have started to pass the benefits onto the consumers and if so, the details and the outcome thereof and if not, the reasons therefor;
- (d) whether any sign of improvement in FDI, business, economy and employment generation has been noticed after taking several steps;
- (e) if so, the details thereof and if not, the reasons therefor along with the further steps taken or being taken by the Government to attract more FDI/ business to generate employment opportunities; and
- (f) the other steps taken/being taken by the Government to give conducive infrastructure to the Indian Corporate Sector to make them competitive in the International market?

ANSWER

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

- (a) Yes Sir.
- (b) The likely revenue forgone due to the reduction in corporate tax rates has been estimated to be Rs 1,45,000/- cr.
- (c) Corporate tax is a direct tax on the income of the companies i.e. on their profits. Unlike in the case of indirect taxes where the tax is imposed on the price/cost of the good or service, in the case of direct taxes there is no direct link between reduction in tax rates and benefits passed on to the end consumer in form of reduced prices of goods and services.
- (d) & (e) The steps undertaken are expected to attract fresh investment, create jobs and stimulate overall economic growth. There is always a time lag between announcement of policy measures to attract investment and actual investment taking place.
- (f) It is a priority of the Government to undertake various steps and initiatives on an ongoing basis to create conducive infrastructure for the Indian corporate sector. Reduction in corporate taxes is one of the steps in that direction.
