

**Government of India
Ministry of Finance
Department of Revenue**

**LOK SABHA
UNSTARRED QUESTION NO. 2157
TO BE ANSWERED ON MONDAY, AUGUST 5, 2024
SHRAVANA 14, 1946 (SAKA)**

CONCERNS REGARDING THE TAXES

2157 SHRI AMRINDER SINGH RAJA WARRING:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government reduced basic corporate tax rate to 22% from 30% in 2019, if so, the details thereof;
- (b) whether there are any plans to reduce the same for partnerships, HUF and individuals as well;
- (c) whether there have been many concerns raised regarding the Section 43 B(h) of the Finance Act, 2023 especially from the MSME sector and industries, if so, the details thereof;
- (d) whether the Government is planning to drop this or increase the specified time limits since the timeline of a 45 days seems impractical especially in the cases where from sourcing raw material to manufacturing finished goods takes more than 180 days, if so, the details thereof;
- (e) whether the Government has any plan to deal with such cases, if so, the details thereof;
- (f) whether there is a different GST rates for shawls i.e. 5% upto Rs.1000 and 12% above Rs. 1000; and
- (g) if so, whether the Government is planning to introduce a single GST rate for shawls as well and if so, the details thereof?

**ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)**

(a) to (b) : A concessional tax regime of 22% for all existing domestic companies was introduced from FY 2019-20 if they do not avail any specified exemption or incentive.

Rates of taxation of income for various categories of persons, including partnership firms, individuals and Hindu undivided family (HUF), are finalised as part of the budgetary exercise for each year and are specified in the Finance Act for the respective year. There is no proposal to reduce the rate for partnerships.

Further, with effect from assessment year 2021-22, individuals and HUFs can avail a concessional taxation regime under section 115BAC of the Income-tax Act, 1961 ("the Act"). There is an option to pay income-tax at lower slab rates subject to certain conditions including that they do not avail specified tax exemptions or deductions.

These rates have been further reduced with effect from assessment year 2024-25 and made the default rates for certain categories of persons. Finance (No. 2) Bill, 2024 has now proposed further changes in the slab structure in the new taxation regime with effect from assessment year 2025-26.

(c) to (e) : Various representations have been received regarding the implementation of clause (h) of section 43B of the Act. Vide Finance Act 2023, clause (h) was inserted in Section 43B of the Income-tax Act 1961 to provide that any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development (MSMED) Act 2006 shall be allowed as deduction only on actual payment. It can be allowed on accrual basis if the payment is within the time mandated under section 15 of the MSMED Act, 2006. This measure aims to provide timely payments to Micro and Small enterprises. The provisions of clause (h) of Section 43B of the Act follow the existing provisions of the MSMED Act 2006 which prescribes the timelines.

(f) Yes, Shawls, knitted or crocheted, of sale value not exceeding Rs 1000/- per piece attract GST rate of 5% and 12% if sale value exceeds Rs 1000/-per piece.

(g) No, GST rates are prescribed on the recommendations of the GST Council which is a constitutional body consisting of Union and State/UT Governments
