

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA
STARRED QUESTION NO. *18

TO BE ANSWERED ON MONDAY, FEBRUARY 3, 2025/MAGHA 14, 1946 (SAKA)

TAX COLLECTION AFTER REDUCTION IN CORPORATE TAX RATES

*18. Shri Bhartruhari Mahtab

Shri Balabhadra Majhi:

Will the Minister of FINANCE be pleased to state:

- (a) whether there has been an overall increase in tax collection and foreign investment inflows after reduction in corporate tax rates, if so, the details thereof, year-wise;
- (b) the industry-wise details of tax benefits extended and their impact on economic growth;
- (c) the specific incentives being considered by the Government to attract more international corporations like Apple, Google and Tesla to establish manufacturing unit in the country; and
- (d) the manner in which these initiatives impact tax revenue and economic growth to achieve the India's vision of becoming \$5 trillion economy?

ANSWER

THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (d): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) in respect of LOK SABHA STARRED QUESTION NO. *18 for reply on 03.02.2025 regarding Tax collection after reduction in corporate tax rates asked by Shri Bhartruhari Mahtab & Shri Balabhadra Majhi.

(a) Yes.

There has been an overall increase in direct tax collections after reduction of the corporate tax rates with effect from AY 2020-21 (except in FY 2020-21 being covid affected year). The year-wise details of the net direct tax collection in the last five years are as under:

(Rs. In Crore)

Financial Year	Net Direct Tax Collection
2019-20	10,50,681
2020-21	9,47,176 [#]
2021-22	14,12,422
2022-23	16,63,686
2023-24	19,60,166*
2024-25 (up to 31.12.2024)	16,14,572*

Source: Pr. CCA (CBDT)

#Covid affected Year

*Provisional

The Net Foreign Investment Inflows have increased from USD 44,417 (in Million) in FY 2019-20 to USD 53,105 (in Million) in FY 2023-24 [As per data available on the website of Reserve Bank of India (<https://data.rbi.org.in/>)].

(b) The domestic companies are provided certain tax benefits under different provisions of the Income-tax Act in the Old tax regime which *interalia* are as under:

S.No	Nature of tax benefit
1.	Deduction of export profits to units/undertakings located in SEZs
2.	Deduction/weighted deduction for expenditure on scientific research
3.	Deduction for a specified business with fulfillment of certain conditions related to Petroleum & Natural Gas
4.	Deduction of profits of undertakings engaged in development of infrastructure facilities, generation, transmission and distribution of power and undertakings engaged in revival of power plant or providing telecommunication services
5.	Deduction of profits of industrial undertakings derived from the following- <ul style="list-style-type: none"> • production of mineral oil and natural gas • housing projects • integrated business of handling, storage and transportation of food grains • processing, preservation and packaging of fruits and vegetables • collecting and processing of bio- degradable waste

6.	Deduction for Offshore Banking Units [OBUs] and International Financial Services Centre [IFSC]
7.	Deduction for undertakings setup in North Eastern states and Sikkim
8.	Deduction for employment of new workmen
9.	Deduction for eligible start-ups
10.	Deduction for Dividend received

The total revenue impact on account of tax benefits extended to companies was Rs. 96,892.39 Crores and Rs. 1,09,333.38 Crores (projected) in FY 2021-22 and FY 2022-23 respectively (Source: Receipt Budget 2024-25). The above tax benefits have the impact of making the corporates competitive and encouraging investment and therefore economic growth.

(c) The specific incentives to be provided in the Income-tax Act as considered appropriate form part of the Finance Bill.

(d) In order to create a globally competitive business environment for domestic companies, attract fresh investment and create employment opportunities, section 115BAA and section 115BAB were introduced in Income-tax Act through Taxation Laws (Amendment) Act, 2019. The impact of section 115BAB is reflected in a significant growth of new manufacturing companies from 2,928 in AY 2022-23 to 7,185 in AY 2024-25.

To encourage start-ups, initiatives taken have resulted into an increase in the number of start-ups claiming deduction under section 80IAC from 328 in AY 2022-23 to 877 in AY 2024-25. Further, the number of companies covered under section 80JJAA in respect of employment of new employees has increased from 2,838 in AY 2022-23 to 3,644 in AY 2024-25.

The initiatives taken have led to generation of employment, increase in tax revenue and overall economic growth.
