

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE

**LOK SABHA**

**UNSTARRED QUESTION NO. 1720**

TO BE ANSWERED ON MONDAY, MARCH 10, 2025/PHALGUNA 19, 1946 (SAKA)

**CURRENT TAX EXEMPTION FRAMEWORK**

**1720. SHRI DUSHYANT SINGH:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has conducted any assessments to identify gaps in the current tax exemption framework, if so, the steps being taken to address the same; and
- (b) the manner in which the Government plans to balance the provision of tax benefits for corporations with the need to enhance disposable income for individual taxpayers particularly the middle class?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) & (b) It is the stated policy of the Government to remove exemptions, deductions and incentives while at the same time reduce the rates of income-tax applicable to corporates and individuals.

In line with the stated policy above, –

- The Taxation Laws (Amendment) Act, 2019, *inter-alia*, inserted section 115BAA in the Act to provide an option for existing domestic companies to pay income-tax at concessional rate of 22% subject to certain conditions including the condition that they do not avail any specified deductions or incentives.
- Finance Act, 2020, *inter-alia*, introduced the new tax regime under section 115BAC of the Act, wherein individual and HUF had an option to pay income-tax at the lower slab rates subject to certain conditions including that they do not avail specified tax exemptions or deductions. The said regime was improved to reduce the tax liability and extended to certain other persons vide Finance Act, 2023.
- Finance Act, 2020, *inter-alia*, abolished Dividend Distribution tax paid by corporates at the rate of 15% thereby relieving them of this tax liability. Now, dividend is taxed in the hands of shareholders at the applicable slab rates leaving more income in the hands of individual taxpayers whose income is chargeable to tax at lower slab rates.

Further, to enhance disposable income for individual taxpayers particularly the middle class, Finance Bill, 2025 has proposed to revise the tax rate structure in the new tax regime which will substantially reduce the tax liability of the middle class and leave more money in their hands.

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