

LOK SABHA
UNSTARRED QUESTION NO. 1184
TO BE ANSWERED ON MONDAY, JULY 28, 2025/SRAVANA 6, 1947 (SAKA)

REVENUE LOSS DUE TO TAX EXEMPTIONS/DEDUCTIONS

1184. SHRI CHARANJIT SINGH CHANNI:

SHRI TANUJ PUNIA:

SHRI BALWANT BASWANT WANKHADE:

Will the Minister of FINANCE be pleased to state:

- (a) the total revenue loss on account of tax exemptions, deductions, and incentives extended to corporate and other categories of taxpayers under various heads since Financial Year 2019, category-wise;
- (b) the sector-wise and industry-wise details of revenue loss during the said period, particularly in high-incentive sectors such as infrastructure, manufacturing, IT, and renewable energy;
- (c) whether the Government has reviewed the impact of these tax incentives in terms of employment generation, capital investment, wage growth, innovation or regional development; and
- (d) if so, the details thereof and the corrective measures proposed to be taken by the Government in this regard?

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

(a) to (b): Total Revenue loss on account of tax exemptions, deductions and incentives in respect of Direct Taxes:

Revenue Forgone from F.Y 2019-20 to 2023-24 (Direct Taxes) (In Rs. Crore)				
Financial Year	Major Tax Incentives for Corporate Taxpayers (A)	Major Tax Incentives for Non-Corporate Taxpayers (Firms/AOPs/BOIs) (B)	Major Tax Incentives for Individual HUF Taxpayers (C)	<u>Grand Total (A+B+C)</u>
2019-20	94109.83	8,043.07	1,55,429.45	2,57,582.35
2020-21	75,218.02	7,731.61	1,28,244.23	2,11,193.86
2021-22	96,892.39	9,018.68	1,68,566.30	2,74,477.37
2022-23	88,109.27	10,920.83	1,96,678.95	2,95,709.05
2023-24 (Projected)	98,999.57	12,270.64	2,20,988.47	3,32,258.68

Total Revenue loss on account of tax exemptions, deductions and incentives in respect of Indirect Taxes:

Revenue impact of tax incentives (Indirect Taxes) (In Rs. Crore)		
Year	Customs	Total
2019-20	79,114	79,114
2020-21	62,773	62,773
2021-22	37,680	37,680
2022-23	33,986	33,986
2023-24	37,252	37,252

(c) & (d): No such review has been carried out. Phasing out the exemptions and incentives available to various taxpayers and simplifying the tax structure is the stated policy of the Government. Starting from the Finance Act, 2016, the corporate tax rates have been gradually reduced. Vide Taxation Laws (Amendment) Act, 2019, an option has been provided to corporates to pay tax at concessional rate of 22% if they do not avail specified deductions or incentives.

Taxation rates, exemptions and tax incentives in terms of employment generation, capital investment, wage growth, innovation or regional development are part of the overall fiscal policy of the Government which aims at holistic growth of the economy.
