

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA
UNSTARRED QUESTION NO. 2494
TO BE ANSWERED ON MONDAY, AUGUST 04, 2025/SRAVANA 13, 1947 (SAKA)

IMPACT OF CORPORATE TAX REDUCTION

2494. SHRI SHASHANK MANI:

Will the Minister of FINANCE be pleased to state:

- (a) whether there has been an overall increase in tax collections following the reduction in corporate tax rates;
- (b) if so, the details thereof including data on tax revenue growth, year-wise;
- (c) whether the Government is considering specific incentives to attract more international corporations, such as Apple and Google, to establish manufacturing unit in the country;
- (d) if so, the details thereof;
- (e) whether these initiatives are expected to impact tax revenue and economic growth; and
- (f) if so, the details thereof?

ANSWER

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

(a) & (b) 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	% Growth as compared to previous year
2019-20	10,50,681	-7.65%
2020-21	9,47,176 [#]	-9.85%
2021-22	14,12,422	49.12%
2022-23	16,63,686	17.79%
2023-24	19,60,166	17.82%
2024-25	22,26,375*	13.58%

Source: Pr. CCA (CBDT)

[#]Covid affected Year

*Provisional

(c) to (f) 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 specific incentives are provided in the Income-tax Act through Finance Bill. The initiatives taken have led to generation of employment, increase in tax revenue and overall economic growth.

The total revenue impact on account of tax benefits extended to companies was Rs. 88,109.27 Crores and Rs. 98,999.57 Crores (projected) in FY 2022-23 and FY 2023-24 respectively (Source: Receipt Budget 2025-26). The above tax benefits have the impact of making the corporates competitive and encouraging investment and therefore economic growth.
