

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

**LOK SABHA
UNSTARRED QUESTION NO. 373**

TO BE ANSWERED ON MONDAY, THE 02nd FEBRUARY, 2026/ 13 MAGHA, 1947 (SAKA)

“Reduction/Concession in Corporate Tax Rates”

**373: Mr Pathan Yusuf:
Shri Sachithanantham R**

- (a) the details of corporate tax rates reduced, tax concession, exemptions or regulatory relaxations to corporate entities since the year 2014 including the rate of reductions made each time;
- (b) the amount of revenue foregone due to these measures; and
- (c) the details and the percentage increase in corporate tax and its share in total direct taxes since 2014, year-wise?

ANSWER

**MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)**

(a) In the Budget 2015-16, Government had first announced the phased reduction of corporate tax from then 30% to 25% along with phased reduction of exemptions applicable for companies.

I. Details of reduction in corporate tax rates: Vide successive Finance Acts, the corporate tax rates have been gradually reduced while phasing out the exemptions and incentives available to the corporates. The details of the same are as under:

- (i) Vide Finance Act, 2016, the corporate tax rates were reduced to 29% (plus applicable surcharge or cess) of the total income for the companies having the turnover not more than five crore rupees to promote growth, boost investment and create more job opportunities. Further, section 115BA was inserted providing the corporate tax rates of 25% for the new manufacturing companies set up or registered on or after 01st April, 2016 and did not avail any incentives or deductions.
- (ii) Vide Finance Act, 2017, the corporate tax rates were reduced to 25% of the total income to *inter alia* make smaller domestic companies having annual turnover of Rs. 50 crores more viable and to encourage firms to migrate to company format. This reduced corporate tax rate was extended to companies having turnover not more than Rs.250 Crore vide Finance Act, 2018 and to companies having turnover not more than Rs.400 Crore vide Finance Act, 2019.

(iii) With an intent to attract fresh investments, create jobs and simulate the overall economy, the Taxation Laws (Amendment) Act, 2019 *inter alia* inserted section 115BAA and section 115BAB in the Income tax Act, 1961.

- Section 115BAA provides reduced tax rates of 22% (effective rate 25.17% including surcharge and cess) for existing domestic companies not availing any incentive or deduction.
- Section 115BAB provides concessional tax rate of 15% (effective rate 17.16% including surcharge and cess) for new manufacturing companies which have been set up or registered on or after 01.10.2019 and which commenced manufacturing or production by 31.03.2024 and did not avail any incentive or deductions.
- Minimum Alternate Tax (MAT) on the companies which continue to avail incentives, has been reduced from the prevailing 18.5% (plus applicable surcharge and cess) to 15% (plus applicable surcharge and cess).

(iv) Vide Finance (No. 2) Act, 2024, tax rates have been reduced from 40% to 35% on the income of foreign companies (other than that chargeable at special rates) to promote investment and employment.

II. Details of tax concessions, exemptions or regulatory relaxations under the Income-tax Act, 1961: Various exemption and deductions are available under Chapter III and Chapter VI-A of the Income-tax Act, 1961 which are *inter-alia* applicable for corporate taxpayers subject to conditions specified therein. Major tax exemptions, deductions and regulatory relaxations presently applicable for corporate taxpayers are listed in **Annexure-A**.

(b) The estimated revenue foregone due to the major tax incentives by way of deductions in corporate tax, year-wise from FY 2016-17 to FY 2023-24 has been laid before the Parliament as part of Budget documents and the same is tabulated as under:

Financial year	Total revenue foregone (Corporate Tax) (in Rs. Crore)
2016-17	86,144
2017-18	93,642
2018-19	1,08,113
2019-20	94,109
2020-21	75,218
2021-22	96,892
2022-23	88,109
2023-24	98,999 (projected)

Source- Receipt Budget 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, 2022-23, 2023-24, 2024-25, 2025-26

(c) Details and percentage increase in Corporate Tax and its share in total Direct Taxes since 2014, year-wise is tabulated as under:

(Amount in Rs. Crore)

Financial Year	Corporate Tax Collection	% Growth in Corporate Tax Collection	Net Direct Tax Collection	% share of Corporate Tax in Net Direct Tax Collection
2014-15	4,28,925	8.68 %	6,95,792	61.65 %
2015-16	4,53,228	5.67 %	7,41,945	61.09 %
2016-17	4,84,924	6.99 %	8,49,713	57.07 %
2017-18*	5,71,202	17.79 %	10,02,738	56.96 %
2018-19*	6,63,572	16.17 %	11,37,718	58.32 %
2019-20*	5,56,876	-16.08 %	10,50,681	53.00 %
2020-21*	4,57,719	-17.81 %	9,47,176	48.32 %
2021-22*	7,12,037	55.56 %	14,12,422	50.41 %
2022-23*	8,25,834	15.98 %	16,63,686	49.64 %
2023-24*	9,11,055	10.32 %	19,60,166	46.48 %
2024-25*#	9,86,767	8.31 %	22,26,375	44.32 %

Source – Union Finance Accounts of respective years and reports of C&AG/Receipt Budget up to FY 2016-17. * Pr. CCA, CBDT.

- Provisional Figures

Annexure-A

- Deduction of export profits of units located in SEZs (section 10AA)
- Accelerated Depreciation (section 32)
- Deduction/weighted deduction for expenditure on scientific research (Section 35(1), (2AA) & (2AB))
- Deduction in respect of specified business (section 35AD)
- Deduction on account of donations to charitable trusts and institutions (section 80G)
- Deduction on account of contributions to political parties (section 80GGB)
- Deduction of profits of undertakings engaged in development of infrastructure facilities (section 80-IA)
- Deduction of profits of undertakings engaged in generation, transmission and distribution of power (section 80-IA)
- Deduction of profits of undertaking engaged in revival of power plant (section 80-IA)
- Deduction of profits of undertakings engaged in development of SEZs in pursuance to SEZ Act, 2005 (section 80-IAB)
- Special provision in respect of specified business (section 80-IAC)
- Deduction of profits of industrial undertakings derived from production of mineral oil and natural gas (section 80-IB)
- Deduction of profits of industrial undertakings derived from housing projects (section 80-IB)
- Deduction of profits of industrial undertakings derived from integrated business of handling, storage and transportation of food grains (section 80-IB)
- Deduction of profits of industrial undertakings derived from processing, preservation and packaging of fruits and vegetables (section 80-IB)
- Deduction of profits and gains from housing projects (section 80-IBA)
- Deduction of profits of undertakings set-up in North Eastern States (section 80-IE)
- Deduction of profits of undertakings set-up in Sikkim (section 80-IE)
- Deduction of profits from business of collecting and processing of bio-degradable waste (section 80JJA)
- Deduction in respect of employment of new workmen (section 80JJAA)
- Deduction in respect of certain incomes of Offshore Banking Units [OBUs] and International Financial Services Center (section 80-LA)
- Deduction in respect of certain incomes of International Financial Services Centre [section 80LA(1A)]
- Deduction in respect of contributions given by companies to political parties (section 80GGC)
- Deduction in respect of certain income of Producer Companies (section 80 PA)
- Vide Finance Act, 2020, the threshold limit of turnover for filing audit report u/s 44AB was increased to Rs.10 Cr vide Finance Act, 2021 to reduce the compliance burden of small businesses subject to conditions stipulated therein.
