

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE

**LOK SABHA**  
**UNSTARRED QUESTION NO. 591**  
TO BE ANSWERED ON FRIDAY, THE 26<sup>TH</sup> FEBRUARY, 2016  
7<sup>TH</sup> Phalguna, 1937 (SAKA)

**HIGHEST TAX RATES**

591. SHRI NALIN KUMAR KATEEL:

SHRI D.K. SURESH:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that India has highest tax rates among Asian countries;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has any proposal to bring reforms in tax rates to reduce the burden of tax payers; and
- (d) if so, the details thereof?

**ANSWER**  
**MINISTER OF STATE IN THE MINISTRY OF FINANCE**  
**(JAYANT SINHA)**

(a) & (b) Details of the tax rates of the major countries of Asia have been taken from the KPMG Report on Global Rates, 2015(copy enclosed) and are mentioned below:-

Country	Corporate	Individual income
Afghanistan	20	-----
Bangladesh	27.5	30
China	25	45
India	34.61	33.91
Japan	33.06	50.84
Kazakhstan	20	10
Malaysia	25	25
Pakistan	33	-----
Singapore	17	20
Srilanka	28	24

In view of above, the Indian Tax rates for direct taxes are higher than the average tax rate among Asian countries.

As far as Indirect Taxes are concerned tax to GDP ratio during Financial Year 2014-15 was 4.4 %.

Tax rates are higher because of exemptions and deductions provided for in the Income Tax Act 1961. Taking into account the revenue foregone on account of these exemptions and deductions, the effective rate of corporate tax works out to be around 23 %.

(c) & (d) Yes Madam, In the Budget Speech 2015, it was stated that the Corporate Tax rates would be reduced from 30 % to 25 % over the next 4 years along with phasing out of exemptions and deductions.

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