GOVERNMENT OF INDIA

MINISTRY OF CORPORATE AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 3052
ANSWERED ON TUESDAY, THE 23rd MARCH, 2021

BURDEN AFTER CHANGE IN CORPORATE TAX

QUESTION

3052. SHRI SATISH CHANDRA DUBEY:

Will the Minister of CORPORATE AFFAIRS कारपोरेट कार्य मंत्री
be pleased to state:

(a) the burden increased on Government after change in Corporate Tax;
(b) whether Government has formulated any policy to deal with the same; and
(c) if so, the details thereof, State-wise?

ANSWER

THE MINISTER OF STATE FOR FINANCE (SHRI ANURAG SINGH THAKUR)
AND CORPORATE AFFAIRS

(a) to (c):- Department of Revenue, Ministry of Finance vide its OM dated 18.03.2021 stated that the revenue loss on account of reduction of corporate tax rate with respect to the changes brought about by the Taxation Laws Amendment (Ordinance), 2019 was estimated to be Rs. 1.45 lakh crores. It is expected that the reduced corporate tax rates, will lead to increased earnings leaving more surplus in the hands of the corporates which can either be reinvested for expansion of existing units, setting up of new units or be distributed as dividends. Further, new manufacturing companies, availing the reduced corporate tax rate of 15% can commence its manufacturing or production by 31.03.2023, which will lead to more manufacturing in India, creation of jobs and new wage earners. This is expected to result in increase in economic activity and hence more tax revenue for both Central and State Governments.

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