

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO. 1365

ANSWERED ON 11.03.2025

INCREASE IN INCOME TAX RECEIPTS DESPITE TAX CUTS

1365. SHRI MALLIKARJUN KHARGE:

Will the Minister of FINANCE be pleased to state:

(a) whether Government expects an increase in income tax collections for Financial Year 2025-26 despite the reduction in tax slabs, if so, the reasons therefor;

(b) the projected income tax receipts for Financial Year 2025-26 and how they compare to the previous three years; and

(c) whether Government has assessed the impact of the tax cuts on revenue generation, if so, the details thereof?

ANSWER

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

(a) Yes, the effect of the change in tax slabs and rates of taxation as proposed in the Finance Bill, 2025 has been incorporated into the calculation of the Budget Estimates for Financial Year 2025-26. The Budget Estimates for F.Y 2025-26 have been estimated at Rs.25.20 lakh Crores, which is an increment of 12.65 per cent over the Revised Estimates for FY 2024-25 (Rs. 22.37 lakh Crores). This projection has been made after having moderated the rate of direct tax buoyancy, factoring in the reduction in rates of taxation and change in tax slabs proposed and possible tax to be foregone as a consequence.

(b) The projected income tax receipts for F.Y 2025-26 as compared to the revised estimates and actual collections for the previous three years are shown below:

Financial Year	Amount (in Rs Lakh Crores)	Rate of Increase over Previous Year
2025-26 (Budget Estimates)	25.20	12.65%
2024-25 (Revised Estimates)	22.37	14.13%
2023-24 (Actual Collections)	19.60	17.85%
2022-23 (Actual Collections)	16.63	

(c) The impact of the proposed changes in tax slabs and rates of taxation, in terms of the total revenue foregone has been worked out at approximately Rs. 1 lakh crore. The benefit derived by taxpayers in different brackets of income has been factored in while making this calculation.