

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2900
ANSWERED ON:17.12.2004
HIGH TAX STRUCTURE
Khaire Shri Chandrakant Bhaurao

Will the Minister of FINANCE be pleased to state:

- (a) whether the tax structure in our country is high, as a result of which foreign companies are not willing to set up business here;
- (b) if so, whether a tax policy will be formulated on a long term basis;
- (c) if so, the details thereof; and
- (d) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a): India is currently following a moderate tax rate regime which is at par with global trends. Setting up of business by foreign companies in India depends on a large number of factors and unwillingness of foreign companies to set up business in India, if any, is not attributable to a country's tax structure alone. .

(b): Formulation of tax policy on a long term basis is an ongoing process and the prevailing moderate tax rate regime is the result of such formulation. The tax rates are evolved taking into account the need to facilitate compliance, make industry competitive and to generate adequate resources.

(c) & (d): In view of replies to (a) and (b) above, do not arise.