

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1368

ANSWERED ON:05.03.2010

NEW DIRECT TAX CODE

Gandhi Shri Feroze Varun;Gowda Shri D.B. Chandre;Owaisi Shri Asaduddin

Will the Minister of FINANCE be pleased to state:

- (a) whether the process of consultation on the draft Direct Tax Code (DTC) has been completed by the Government ;
- (b) if so, the views that came forward for and against the new tax code and if not the reasons therefor alongwith the time by which a final decision is likely to be taken in this regard ;
- (c) whether private schools, colleges, coaching centres and other institutions which have not so far paid income tax or service tax will come into the tax net ;
- (d) if so, the details thereof and if not the reasons therefor; and
- (e) the steps taken by the Government to include maximum number of people under the tax net ?

Answer

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

- (a) & (b) Yes Sir. The process of consultation on the draft Direct Taxes Code (DTC) which was released in August, 2009 has been completed. A number of suggestions have been received from members of the public which are being examined.
- (c) & (d) Private schools, colleges, coaching centres and other institutions are currently subject to tax under the Income-tax Act, 1961. They are also proposed to be taxed under the DTC. DTC would not have any impact on levy of service tax.
- (e) The Direct Taxes Code proposes to include maximum number of people under the tax net through a strategy of –
 - (i) moderate tax rates;
 - (ii) removal of exemptions and deductions; and
 - (iii) increased voluntary compliance.