

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4114  
ANSWERED ON:03.12.2010  
PAYMENT OF TAXES BY CORPORATE BODIES  
Ram Shri Purnmasi

**Will the Minister of FINANCE be pleased to state:**

- (a) Whether out of 4.50 lakh registered corporate bodies all but 50,000 evaded taxes;
- (b) If so, the item-wise details of taxes evaded by both foreign companies as well as domestic companies during each of the last three years;
- (c) Whether the Government has identified the reasons for non-payment of taxes by the remaining 4 lakh registered corporate bodies and if so, the details thereof;
- (d) Whether tax incentives have cost the Government Rs.68,914 Crore revenue in 2008-09;
- (e) If so, whether there is any proposal to review the negative impact of tax incentive on the economy; and
- (f) If so, the details thereof?

**Answer**

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

- (a) to (c) Out of about 4,10,000 corporate entities which filed their Returns of income in the Financial Year 2008-09, nearly 2,35,000 corporate entities paid taxes. However, it would not be correct to state that the remaining 1,75,000 corporate entities have all evaded taxes. There could be many reasons for non-payment of taxes by the remaining corporate entities such as losses being reported for the relevant financial year, or set-off of losses/unabsorbed depreciation brought forward from proceeding years, or claim of exemptions/deductions which are admissible under the provisions of the Income Tax Act, 1961 etc.
- (d) The revenue foregone in respect of the corporate entities for the Financial Year 2008-09 was estimated at Rs.68, 914 Crores, which after the filing of returns of income was worked out to Rs.66,901 Crores.
- (e)& (f): Government is continuously reviewing the negative impact of tax incentives on the economy and has taken various steps in the matter. Profit linked tax incentives are being phased out over a period of time and investment linked incentives are being provided. Exemptions have been phased out for the institution which are engaged in commercial activities such as Development Boards, Sports Association and Maritime Boards etc. Deduction on certain items has been withdrawn such as interest payment on External Commercial Borrowings (ECBs). These policy measures have been continued in the Direct Taxes Code Bill, 2010 which was recently introduced in the Parliament.