

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5103
ANSWERED ON:26.04.2013
TAX FOREGONE STATEMENT
Mani Shri Jose K.

Will the Minister of FINANCE be pleased to state:

- (a) the salient features of the Tax Foregone Statement issued by the Government;
- (b) whether the statement relates to any specific tax policy and if so, the details thereof;
- (c) if not, the reasons therefor; and
- (d) the manner in which the Government assesses the long term impact of its tax policy?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

- (a): The salient features of the Tax Foregone Statement issued by the Government are as under:-
This Statement seeks to list the revenue impact of tax incentives or tax subsidies that are a part of the tax system of the Central Government.
This Statement attempts to estimate some of the major tax expenditures under direct and indirect taxes..
The estimates and projections are intended to indicate the potential revenue gain that would be realised by removing exemptions under direct and indirect taxes and similar measures.
The amount of duty/taxes which could have been collected but for the exemptions issued in this regard.
- (b) & (c): The Revenue Foregone Statement is an estimate of tax expenditures arising out of measures such as special tax rates, exemptions, deductions, rebates, deferrals and credits which are an integral part of the tax policy of the Government. Such exemptions are issued in public interest for fulfilment of the various policy objectives, such as, protection of small scale sector, industrial development of backward areas, encouragement of value addition, regulation of prices of essential commodities, implementation of treaty obligations and promotion of exports etc. These measures are collectively called as 'tax preferences'. They have an impact on Government revenues and also reflect a significant policy of the Government. Such tax expenditures per se are spending programs embedded in the tax statute which are a manifestation of the tax policy of the Government.
- (d): Exemptions are reviewed from time to time to assess their efficacy and remedial action is taken where necessary.