

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1262
ANSWERED ON:18.07.2014
TAX GDP RATIO
Rajesh Shri M. B.

Will the Minister of FINANCE be pleased to state:

- (a) whether the tax-Gross Domestic Product (GDP) ratio has come down significantly in the last three years;
- (b) if so, the details thereof;
- (c) whether India has the lowest tax-GDP ratio as compared to BRICS and developed countries;
- (d) if so, the details thereof and the reaction of the Government thereto; and
- (e) measures taken/proposed to be taken by the Government to enhance tax-GDP ratio?

Answer

FINANCE MINISTER (ARUN JAITLEY)

(a) & (b): Tax Gross Domestic Product (GDP) ratio for the last three years is as follows:

Financial Year	2011-12	2012-13	2013-14 (RE)
Gross Tax Revenue to GDP Ratio	9.87	10.25	10.24

(c)&(d): No authentic data is available with this Ministry.

(e): The Government has taken/proposed a number of measures to enhance Tax-GDP ratio which inter-alia include the following

- (1) Tax Deduction at Source at the rate of 1 per cent on immovable property (other than rural agricultural land) having value of Rs. 50 lakhs or more,
- (ii) Introduction of Commodities Transaction Tax on sale of commodity derivative (other than agricultural commodities) at the rate of 0.01 per cent.
- (iii) Where the stamp duty value on transfer of immovable property held as stock in trade is greater than the sale consideration, the stamp duty value will be considered as full value of consideration for the purposes of computation of income.
- (iv) Levy of DDT of 20% on buyback of unlisted shares
- (v) To broaden the service tax base by bringing stop filers and non-filers within the tax net, a Voluntary Compliance Encouragement Scheme (VCES) was introduced in 2013.
- (vi) To include the investment linked deduction within the ambit of alternate minimum tax (AMT) after making adjustment for depreciation,
- (vii) To levy dividend distribution tax on the gross amount of dividend and not on dividend net of taxes.,
- (viii) Tax deduction at source at the rate of 2 per cent at the time of payment of maturity amount on Life Insurance Policies which are not exempt.