

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:879

ANSWERED ON:19.07.2002

C & AG OBSERVATION ON EXPENDITURE ON COLLECTION OF TAX

RAVINDRA KUMAR PANDEY

Will the Minister of FINANCE be pleased to state:

(a) Whether as per para No. 12 of Comptroller and Auditor General's report for the year 2002, the annual total expenditure incurred on collection of corporate tax and income tax during the years from 1991-92 to 2000-2001 was on an average 3.49 paise per rupee;

(b) if so, the total expenditure Government bears to make these collections; and

(c) the effective steps taken by the Government to check this wasteful expenditure?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN)

(a) As per Report No. 12 of 2002 (Direct Taxes) of the Comptroller and Auditor General, the annual total expenditure incurred on collection of corporation tax and income tax during the years from financial year 1991-92 to financial year 2000-01 was on an average 0.36 paise per rupee of corporation tax collected and 3.14 paise per rupee of income tax collected. For every one rupee of corporation tax and one rupee of income tax (Total two rupees) collected, the cost of collection would be 3.50 paise. So, the cost of collection is not 3.50 paise (approx.) per rupee but per two rupees.

(b) The Government spent Rs. 929 crores to make collections of Rs. 35,696/- crores of corporation tax and Rs. 31,764/- crores of income tax in financial year 2000-01.

(c) The expenditure incurred towards cost of collection is not wasteful but an essential expenditure for proper tax administration. Despite the cost of collection being reasonable, further reduction of cost has been brought about through re-structuring of the Income tax Department.