

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:95

ANSWERED ON:17.02.2006

TAX COLLECTION

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Will the Minister of FINANCE be pleased to state:

(a) whether tax collections for 2005-06 may fall short of the Budget estimates as reported in the Business Standard dated January 21, 2006;

(b) if so, the facts reported therein; and

(c) the steps taken/being taken by the Government to meet this shortfall?

Answer

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

(a): So far as indirect taxes are concerned, if the present over all growth rate of indirect tax revenue collection continues for the remaining period of the financial year, total Budget Estimates of indirect tax for 2005-06 are likely to be achieved. So far as direct taxes are concerned, the current trends of collections are suggestive of a shortfall in the collection of direct taxes vis-à-vis the Budget Estimates.

(b): The reasons for shortfall in direct tax collections include the following:

Lower payment of advance tax by certain sectors of the industry which include petroleum sector, banking sector, insurance sector and telecom sector.

Heavy rains and floods in various parts of country including big collection centres like Maharashtra, Tamil Nadu and Gujarat.

Grant of exemption to small exporters in respect of profits on sale of Duty Entitlement Pass Book Scheme(DEPB) credits and deferment of taxes in cases of non-exempt exporters over five years.

(c): The following steps are being taken by the Government to minimize the shortfall of direct tax collections:

Completion of assessment in large-demand cases and collection of demand.

Persuasion of taxpayers to pay higher amounts under advance tax in cases where huge self-assessment tax has been paid.

#Monitoring of advance tax payments of the large taxpayers with a view to ensuring that there is no under-payment in the March 2006 instalment of advance tax.

Giving effect to the favourable appeal orders and recovery of confirmed demand within the current financial year, etc.