

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:659
ANSWERED ON:03.12.2004
RATE OF RECOVERY OF TAX
Nitish Kumar Shri ;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of FINANCE be pleased to state:

- (a) whether the tax recovery rate in India is more than that of other Asian countries;
- (b) if so, the facts in this regard;
- (c) the names of those asian countries having less tax rate than that of India and of those having more tax rate;
- (d) whether the difference in tax rate adversely affects the foreign trade of India;
- (e) if so, the reaction of the Government thereto?

Answer

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

(a) & (b): No, Sir. The direct tax rates in other Asian countries are almost comparable to the tax rates in India.

(c): The Asian country having more corporate tax rate than India is Pakistan and Asian countries having more individual Income tax rates than India are Japan, China, Indonesia, Korea, Pakistan, Philippines, Taiwan, Thailand, and Sri Lanka. The Asian countries having less corporate tax rate than India are Japan, China, Indonesia, Korea, Malaysia, Myanmar, Philippines, Taiwan, Thailand, Singapore and Sri Lanka white the Asian countries having less individual Income tax rate than India are Malaysia and Singapore.

(d): The difference in direct tax rates between India and most other Asian countries is not so substantial as to adversely affect the foreign trade of India. Also India has entered into Double Taxation Avoidance Agreements with most of the Asian countries with a view to prevent double taxation of income and promote bilateral trade and investment.

(e): So far as direct taxes are concerned, in view of reply to part (d) above, the question does not arise.

So far as Indirect taxes are concerned, with regard to part (a) to (e), India has different tax rates for different commodities and the data of commodity-wise tax rate of other countries are not maintained by this Ministry. The effort involved in collection of information in this regard will not be commensurate with the objective sought to be achieved.