

# New Corporate Tax: Impact of Corporate Tax Cut on Indian Economy



Aarchi, Amartya Saha, Ankita Kumari, Anuradha Padhy, Anuradha Panda

**Abstract:** On 20<sup>th</sup> December, 2019, the Central Government introduced the Taxation Laws (Amendment) Ordinance, 2019, which created a favourable taxing environment for the Companies. Through this Ordinance, section 115BAB, which covers all sorts of domestic companies, that is, any company formed and registered in India, was introduced in the Income Tax Act which offered a very low tax rate of 15% (17.5% including surcharge and cess) to the new manufacturing companies. This Ordinance also reduced the Tax rate for domestic companies to 22% (25.17% including surcharge and cess). Additionally under the new corporate assessment strategy, new organizations that set up assembling offices in India beginning in October and initiate creation before the finish of March, 2023 will be charged at a viable pace of 17%. This move did cause a rise in the value of the stock in India, but through this paper, we plan to delve deeper into how this new introduction affected the economy of India – ranging from the stock market to the value of rupees against dollar, the idea behind introducing this Ordinance, while also touching upon what is Corporate Tax and the Corporate Tax system that was present before the introduction of section 115BAB.

**Keywords:** Corporate Tax, Taxation Laws (Amendment) Ordinance, Economy, Stock, Section 115BAB

## I. INTRODUCTION

Recently in year 2019, our honourable Finance Minister Smt Nirmala Sitharaman declared that the government reduced the rate of tax for corporate. In this, paper we will see how this decision impacted the Indian economy, the future policies of government and every other sector. Coming to the point what the Government actually did! The government slashed the corporate income tax rate from 30% to 22% for all companies. If we include the surcharges and cess, the tax rate would come around 25.17%. However for the newer companies, which are set up after October 1<sup>st</sup>, 2019 will be subjected to an even lower rate of tax that is 17%. The next very crucial tax cut was on the MAT rate which is slashed

from 18.5% to flat 15%. Now, let us understand what is MAT? MAT stands for Minimum Alternate Tax. It is a provision designed to bring zero taxpaying companies into the ambit of Income tax. There are some companies that do not pay taxes taking advantages of the provisions of the Income tax act and rules. These companies show the depreciation rate very high or they make certain adjustment in the balance sheet and show very less profit or no profit. So, to restrict the companies from taking the advantages and evade the tax, the government charges MAT.

Moving forward and comparing the tax rate of corporate in India globally we can conclude from the chart attached below (Fig 1) that, the new corporate tax rates in India is much lower than USA (27%), Japan (30.62%), Brazil (34%), and Germany (30%) and for the new firms the tax rate is similar as of Singapore (17%). The goal behind this reduction is to turn India into investor’s hub.

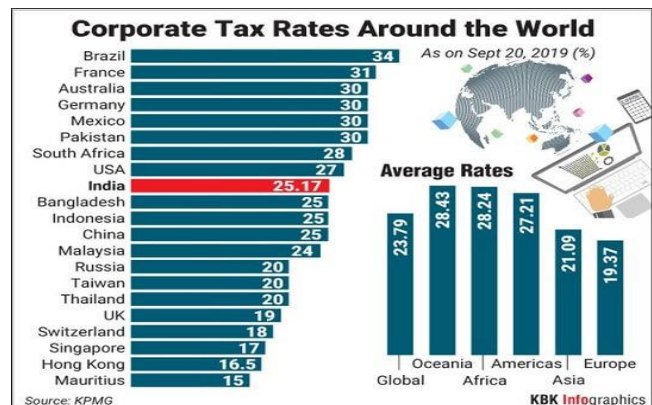


Fig 1

Now the question arises that what is the reason behind this decision? In the next few paragraphs we will be elaborating the reasons behind this drastic change. As we all know that India is a growing country. Our growth rate has been constantly increasing. India’s economy is currently going through its worst deceleration in last 6 years. As a result to this, automobile sales have been falling, the manufacturing sector is down and our exports are decreasing whereas imports are increasing. Seeing this we can conclude that our economy is crashing and the budget of FY 2019-20 also increased the rate of surcharges for individual having taxable income from Rs. 2 Crores to 5 Crores and 5 Crores & above. So, seeing this decision, the stock market drastically fell. Thus in order to counter this continuous and gradual fall of economy, the government has taken this decision to cut down the corporate tax rate.

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Now since the government has taken this decision, so we will move forward and discuss that how this decision is going to affect the Indian economy. Below in Fig.2 we have the pie chart showing the percentage which the corporate tax contributes towards India's revenue both before and after of this decision.

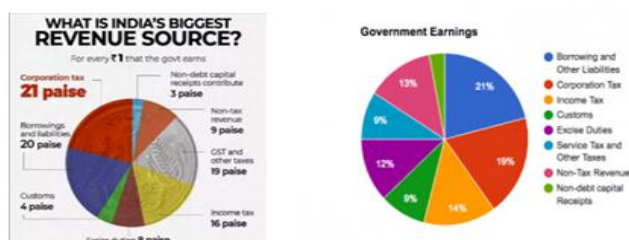


Fig 2

With this decision the government is losing 145,000 Crores every year, but this attracted the foreign investments and will help India in the long run. Also, the trade war between China and USA gave a golden opportunity to India and attracted those companies to India that were suffering from the trade war between US and China. Another important reason behind this decision was that government of India wanted to revive our manufacture sector.

Referring to the pie chart we can clearly see the difference, that earlier corporate tax was contributing around 21% to the revenue while after corporate tax cut, the percentage of contribution has fallen to 19%.

This paper will further deal in depth with impact of this reduction in every major sector and whether this decision as turned as a boon or a curse in this pandemic situation.

## II. CORPORATE TAXATION IN INDIA

### A. Corporate tax rate

‘Corporate tax is the tax which is levied on the income of the domestic and foreign companies that arose in India’<sup>1</sup>. It is levied on both the public and private companies registered under the Companies Act of 2013. The income of these companies is charged under a specific tax rate which is regulated by the Income Tax Act, 1961. These rates are known as corporate tax rates. For domestic companies, this tax rate is of 4 kinds based on section 115BA, 115BAA, 115BAB and any other company that do not opt to pay tax under these sections. If a company opts to pay their corporate tax under section 115BA, they shall be charged at a tax rate of 25% with a surcharge of 7% or 12%, as the case maybe and a cess of 4%.

In case a company opts for section 115BAA, then 22% tax with a surcharge of 10% and a cess of 4%. The effective tax here is 25.17% and in case a company opts to pay tax under section 115BAA, they need not pay minimum alternate tax or MAT and is applicable for PY 2019-20 onwards, but it is to be remembered that this section is only available to the domestic companies, moreover, the companies that opt for section 115BAA should not avail any exemptions that is available under the Income Tax Act.

In case a company opts for section 115BAB, then the tax rate applicable is 15% with a surcharge of 10% and a cess of 4%. Their effective tax rate is 17.16%. This section of

115BAB is only applicable for new manufacturing companies and was inserted in the Income Tax Act by The Taxation Laws (Amendment) Ordinance, 2019. Moreover, this section is also only applicable on domestic companies. To get qualified to pay charge under this segment, the new assembling organization should be consolidated prior to October 2019 and should begin their creation before March 20232.

And in case, a company opts for none of the above, then they can pay their tax at a rate of 30% with a surcharge of 7% or 12% as the case maybe, with a cess of 4%. This includes the companies that are availing exemptions, while all the other three sections call for the companies to not avail any sort of exemptions to be eligible to be taxable under the respective sections.

For foreign companies, the tax rate is 40% of any income gained from their operations in India with a surcharge of 7% or 12%, as the case maybe. And in case of any ‘Royalty received or fees for technical services from government or any Indian concern under an agreement made before April 1, 1976 and approved by central government’<sup>3</sup>, then the rate of tax is 50% with surcharge.

### B. Tax evasion and tax avoidance

Tax evasion is a criminal behavior wherein an individual or element purposely tries not to pay a genuine expense obligation<sup>4</sup>. In simpler terms, tax evasion is when a person or a corporate body pays less than the amount, they are liable to pay or complete nonpayment of the tax liability. Prime example of such is the Karti Chidambaram case<sup>5</sup> and the blocking of the bank accounts of ByteDance by the Tax authority for alleged tax evasion<sup>6</sup>. Tax evasion is a crime and anyone who commits tax evasion shall face criminal charges and may be subjected to fines as well, as mentioned under Chapter XXII.

‘The following activities constitute tax evasion under the Indian law:

1. Concealing the Income
2. Claiming excessive expenditure
3. Falsification of accounts
4. Inaccurate financial Statements
5. Not reporting income
6. Storing wealth outside the country
7. Filing false tax returns
8. Fake documents to claim exemption<sup>7</sup>’

If a person or a corporate body does not file their income tax returns, then they may be charged with a fine of Rupees 5000 or more, as determined by the Assessing officer. But, if a person or corporate body is found concealing their actual income, then they maybe fined half the total amount that was

<sup>2</sup> <https://www.paisabazaar.com/tax/corporation-tax/>

<sup>3</sup> <https://cleartax.in/s/corporate-tax>

<sup>4</sup> <https://www.investopedia.com/terms/t/taxevasion.asp>

<sup>5</sup>

<sup>6</sup> <https://www.businesstoday.in/current/economy-politics/sc-seeks-i-t-dept-response-on-karti-chidambarams-plea-in-tax-evasion-case/story/422127.html>

<sup>1</sup> <https://cleartax.in/s/corporate-tax>

concealed to 50%\*4 times the actual income that was concealed.

Tax avoidance is when an individual or a corporate body uses the loopholes in the tax provisions to minimize their tax burden. Tax Avoidance is not a crime as technically, no law is violated, but if a person or body is caught practicing this, then they are just made to pay the amount of tax that they were able to defer. Hence, Tax avoidance is something which is never advisable to try. Instead, people are encouraged to move towards Tax Planning, where one can avail various exemptions and deductions provided by the Income Tax Act to reduce their tax burden. To put in simpler terms, Tax planning is something which is expected from a taxpayer and tax avoidance is something which is beyond the expectation of the government<sup>6</sup>. One of the biggest examples of a company availing this concept of Tax avoidance is the Vodafone acquiring Hutch without pay any capital gains tax that they were liable to pay by using their own non-resident subsidiary company. This non-resident subsidiary company of Vodafone purchased majority of their shares in Hutch and hence, the Supreme Court had to quash the law due to "lack of authority" and this is how the Vodafone got away from paying taxes. Many such cases took place in India, like TATA and Reliance India Limited who used the shortcomings of the Indian law to exempt themselves from excessive tax burden. By the "Finance Act of 2012", "General Anti-Avoidance Rule" was inserted in the "Income Tax Act via section 96". According to this section, any deals made with an intention of avoiding any form of tax shall not be allowed for any tax exemption or deduction. Moreover, the Indian government also made the rule that if the place of effective management of a company, irrespective of the fact that they are formed outside India, is situated in India, then the company shall be considered as if they are a resident and will be liable to all the taxes. Hence, removing the excuse that many a times companies provide that they are a company formed outside India, hence the Indian laws have no application on them; therefore, they bypass the taxes that are required to be paid by them.

Hence, Tax Planning is a legal and much safer way than tax evasion and tax avoidance and is recommended as there are umpteen numbers of professionals that offer good solutions as to tax planning of an individual or a corporate. This tax planning of a corporate body is known as Corporate Tax Planning.

### III. IMPACT OF CORPORATE TAX RATES AND REVENUES IN INDIA

The Taxation Laws (Amendment) Bill, 2019 caused a reduction in the base corporate tax rate, that is, from 30 percent to 22 per cent for the existing businesses which led to revenue inference of INR 1.45 Lakh Crores. While, in case of new manufacturing firms that have been established post 1st October, 2019 and prior to 31st March, 2023, the base corporate tax was reduced from 25 per cent to 15 per cent. Tax rates imposed on the domestic companies were reduced

in order to facilitate growth and with the view to entice new investments. According to reports, the corporate tax rates in India stand the lowest among other nations across the globe and the impact will be visible in the Indian economy in the upcoming years. This strategic action could possibly enhance the comparative adversaries of India's corporation tax rates with other Asian nations.

The bringing down of the enterprise tax rates has made India a worldwide cutthroat and resurrection objective for ventures and the effect of this milestone change will be felt in coming years.

Prior to the most recent amendments, the Corporate Tax Rates had been relatively high as compared to India's territorial peers. In the short to medium run, the cut in the Corporate Tax Rates is believed to serve as a helping hand in boosting corporate financing in the Indian economy.

As per the analysts' view, the reduced Corporate Tax rates could possibly result in the enhancement of the expediency of the companies to thrust their surplus. Furthermore, the cut may also promote growth in the Nifty earning rate. In the report of Economic Times while analyzing the impact of corporate tax rate cut on the Nifty50 stocks stated that around 20 Nifty stocks must perceive an excess of 10 per cent earning drift due to the reduction in tax rate. By the year 2021, Nifty could increase by approximate 8 per cent earnings per share benefit. Whereas, in the analysis of BSE500 companies where one-third of all tax receipts are contributed by the Government, there would be nearly 12 percent plunge in their tax bills during the financial year 2019-20. The cut in the Corporate Tax Rates along with excess transfers from the Reserve Bank of India may have an impact of 30-40 Basic Points on budgetary deficit. As a result, it appeared that there was difference of INR (-) 90,000 Lakhs Crores which were required to be balanced out. The balancing could reasonably be done by ways of keeping in check the expenditure or by disinvesting in excess of the earmarked level of INR 1.05 Lakhs Crores. According to the reports, Nifty earnings growth elevated to 25 per cent from 16 per cent for 2019-2020. Imposition of 15 per cent tax on new manufacturing prerequisites shall promote attraction towards global capital.

The cut in the corporate tax rate would facilitate a surge in the profit margins of the businesses of about 10 percent. This would lead to India witnessing an expansion in profit making businesses in medium to long term with reduced tax outflow. Expansion in the business sector would eventually help in the growth of the economy as the companies will have more profits and they may, out of these surpluses, volunteer to invest in emerging propositions or re-invest in pre-existing business activities.

Nevertheless, it is crucial to acknowledge the influencing capacity corporate tax rates have on how the investors allocate their capital or funds on a global scale.

There is a constant insistence on the part of the governments worldwide to reduce their corporate tax rates in order to stimulate more foreign investments.

<sup>6</sup><https://timesofindia.indiatimes.com/business/india-business/no-relief-to-bytedance-in-tax-evasion-case/articleshow/81778601.cms>

<sup>7</sup><https://www.goodreturns.in/personal-finance/taxes/what-is-tax-evasion-how-to-report-tax-evasion-in-india-1206183.html?story=4>

<sup>8</sup> Batra, 2014

This is the reason why the tax cut made by the Indian government has launched it as a competitor among other strong economies.

Another consequence that requires a keen eye is that reduction in tax rates leads to deceleration of economic activities due to the fact that the tax revenues of the Government have supposedly reduced. In this case, the Government should part with the revenue worth “INR 1.45 Lakh Crores” which amounted to 0.7 per cent of the GDP. The Government has to avoid including this to the budgeted fiscal deficit which was 3.3 per cent of the GDP because it might lead to a serious budget deficit of 4.0 per cent.

While answering to the question as to how the cut in the Corporate Tax Rate is going to magnify the flow of investments in the economy thereby improving the production capacity of the nation, it must be emphasized that the flow of investments is dependent on the demand rate for production, therefore, when the investors foresee a rise in demand, investments will also increase for the reason that high demand will give high returns to the investors. The up-flow in investments will also have a positive impact on employment opportunities and employees' income.

The United Nations Conference on Trade and Commerce in its recent-most report revealed that the Indian economy acquired a sum of \$49 billion in the form “Foreign Direct Investment (FDI)” for the financial year 2019. Even so, more than 50 per cent of the FDI was invested before the announcement made by the Indian Government regarding the cut in the Corporate Tax Rates. The figures released by the “Department for Promotion of Industry and Internal Trade” exhibits that the summation of Foreign Direct Investment inflows prior to the cut in Corporate Tax rates, stand at \$23 billion. Evidently, there has not been an erringly turn of speed in FDI inflows after the cut in Corporate Tax rates. The major part of FDI acquired during 2019 was invested in service sector and the Information Technology (IT) sector. “About \$17.58 billion of FDI inflows during April-September, 2019 was invested into service sector according to the Economic Survey 2019-20”. However, the service sector as well as the Information Technology sector, have not received any substantial gains from the sharp cut in tax rate. Tax rate cut or no tax rate cut, the service and IT sectors should witness new foreign investments. Contrastingly, there has been a downturn in FDI inflows in the manufacturing sector. The Parliamentary Standing Committee in March, 2020 asserted its worry pertaining to the failure of maximizing FDI inflows in the manufacturing sector. It was one of the most significant assurances made while slashing the corporate tax rate.

Moreover, what is even more worrisome is the fact that the top 0.9 per cent of the formal sector of the nation has made the most of the tax rate slash. As per the Economic Survey 2019-2020, 99.1 per cent of the companies in the country have a gross turnover lower than INR 400 crores. These business enterprises were being taxed at the base rate being 25 per cent with surcharge and cess and yet the maximum marginal rate ranged from 26 per cent to 29.12 per cent. Oppositely, at most 4698 businesses had a gross turnover of INR 400 Crores. The maximum marginal rates extended from 30.9 per cent to 34.61 per cent which affected the corporate tax rate cut reaching the gain varying from 3.2 per cent to 13.5 per cent of the subsisting tax liability for

small and medium business enterprises to approximately 18.5 per cent to 27.3 per cent of the subsisting tax liabilities for large business enterprises.

Enterprises, specifically the fast-moving consumer goods companies that have been making equitable gains have not made any significant investments in the financial year 2019-20 for the reason that sector became 2 per cent slow-moving as compared to the previous year.

The GDP estimates for the first quarter of the financial year 2020-2021, the real GDP of India diminished by 23.9 per cent in opposition to 5.2 per cent of growth witnessed in the same quarter of the previous financial year. Purchasing Managers' Index, Index of the Eight Core Industries, Kharif crops sowing rate, electronic bills, railway freight, power consumption, cargo traffic and passenger vehicle sales are few of the highly incidental factors that exhibits the economic state of a nation. The statistics released by the “Department for promotion of Industry and Internal Trade”, Office of Economic Adviser reveal that the growth percentage of Index of Eight Core Industries declined by 4.6 per cent in the month of February, 2021. According to the released statistics, the combines Index of Eight Core Industries was cited as 127.8 in the month of February, 2021 which further contracted by 4.5 (provisional) percentage in comparison to the Index of February, 2020. Whereas, the cumulative growth rate in the course of April, 2020 to February, 2021 stood at (-) 8.3 per cent. The revised final growth rate as on November, 2020 was (-) 1.1 per cent from its provisional level of (-) 2.6 per cent. About 40.27% of the Eight Core Industries composed of the weight of the industrial items incorporated in the Index of Industrial Production (IIP). In September, 2020, India also witnessed lucrative economic recovery as the growth on a yearly basis was 4 per cent in GST receipts to INR 95,480. The elevation in electronic bills of transportation of goods countrywide and higher GST receipts accumulation in the month of September was favorable indications of India's economic recovery. As far as the Kharif crops sowing rate is concerned, the Barclays Report states that the area of land sown was nearly 110.4 million hectares as on September, 2020 as against the 104.5 million hectares sown in the previous fiscal year during the same quarter.

According to the estimates, in July 2020, India exported merchandise worth \$23.6 billion whereas in the same month of the previous year, the estimates were \$26.3 billion. On the other hand, the imports estimates showed the value of \$28.5 billion in the month of July 2020, as opposed to \$39.8 billion in July, 2019. These estimates were in conformity to the circumstance witnessed in the first of four months of the financial year 2020-21 in the world trade, as a repercussion of the COVID-19 pandemic. During these four months, the export rate diminished by (-) 30.2 percent and in the case of imports, the rate reduced by (-) 46.7 per cent as compared to the previous year. The GST collections in the first quarter of 2020-2021 were only equal to about 59 per cent of the revenue collections during the first quarter of the previous year. However,



the economy showed signals of recovery from the downfall caused due to the nationwide lockdown in August, 2020 when the GST collections collected amounted to INR 86,449 Crores. In comparison to previous year, GST collection for August 2020 was about 88 per cent of the GST collections in August, 2019.

The Atmanirbhar initiative taken by the government also proposes constructional transformations inclusive of strategies to make the agricultural sector a free trade, revamp the Public Sector Unit Policy, exploitation and advertising of coal mining, increasing the Foreign Direct Investments in case of Defense and Space sector.

In 1991, the government of India had pioneered its economy and had revamped significant reforms which explain why the corporate tax rates hiked from 40 percent to 45 per cent. Nevertheless, in the year 1993-94 the rate of exports increased up to 20 percent. The inward remittances magnify four-folds during the time period of 1991-1995 and the FDI inflow boosted to \$5 billion in 1994-95 from meager \$100 million in 1990-91.

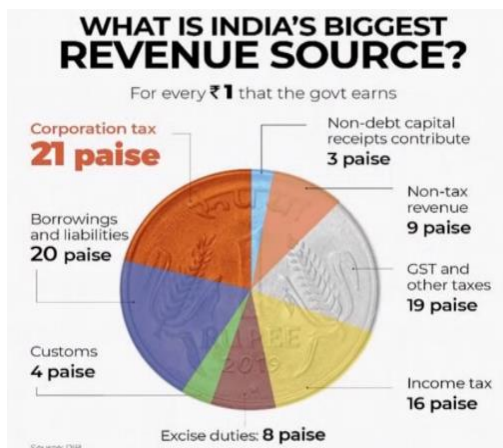
Before the year of 1990, India had been suffering an average economic growth rate, that is, about 4.4 percent. The economic growth rate kept on rising to 5.4 per cent during 1990-2000 and nearly 8.8 per cent during the years 2000-2010. Although the corporate tax rate was dropped down to 35 percent in 1997-98, a brand new dividend tax was introduced in the economy. In 2017, the Indian economy had reached a sky-high corporate tax rate of 48.3 per cent which was inclusive of distributed dividends.

Corporation Tax as a concern requires keen attention of the present government. The corporate tax system requires proper inspection and study in order to construct a plan to achieve the goals of maintaining a healthy economic growth rate.

**IV. BENEFITS FROM CORPORATE TAX RATE CUT**

There is an Idiom in English saying: “Bite the Bullet”. It says on the off chance that somebody does what needs to be done, they acknowledge that they need to accomplish something disagreeable however essential.

Firstly, we need to clear our basic concepts regarding from where do our government raise money? For this we will be referring to a pie chart (fig 3) which will give us a much clearer picture regarding how the money is raised by our governments.



**Fig 3**

The above diagram gives us a clear picture of the revenue resources of our government. Therefore we can state that Corporate Tax is the biggest source of revenue. For each rupee that the public authority covers, 68 paise comes from the immediate and Indirect assessments, while states portions' of charges and obligations is the single biggest cost head representing 23% of complete spending, according to appeared in the financial plan. Partnership charge is the single biggest type of revenue, contributing 21 paise to every rupee acquired.

The significant choice that the Center has acquired the Taxation Laws (Amendments) ordinance 2019 to make certain alterations in the Income charge Act 1961 and the Finance Act 2019. The public authority has sliced fundamental corporate duty rate to 22% from 30% while for new assembling organizations it has been chopped down to 15% from 25%. Realizing that our nation forces certain Cess and Surcharges on Corporate Tax in this way the Effective Tax Rate 25.17% comprehensive, all things considered, and Cess for such homegrown organizations. Such organizations additionally not needed to settle Minimum Alternative Tax. For new assembling organizations that start creation before March 2023 and fused on or after first October 2019, corporate assessment rate brought down to 15% from 25%. The powerful assessment rate after overcharges and Cess will be 17%. The public authority found that India's Corporate Tax is one of the greatest in the Asia.

In the early 2019 due to the Trade war between China and US, many companies fled to Singapore and Malaysia just because there was low corporate tax. Therefore, India decided to lower the Corporate tax so that it could pave the way for the other manufacturing companies to enter India. (Fig 4)

WHY GOVERNMENT DID THIS?				
Country	FDI % of GDP	Tax to GDP	Lowest Corporate Tax	Remarks
India	1.5%	17%	17%	India cut tax rate to target US FDI amidst in Trade war with China
Malaysia	3%	16%	24%	
Vietnam	6.3%	14%	20%	
Thailand	2.6%	17%	20%	
Singapore	22%	14%	17%	
Indonesia	1.9%	12%	25%	
source: World Bank				

**Fig 4**

Benefits:

**A. The objective of levying MAT**

“MAT is a tax provision designed to bring zero-tax paying companies into the income tax net. Taking advantage of various provisions of the Income Tax Act, such as exemptions, deductions, depreciation, and the like, many companies are able to reduce their tax liability”. Another Benefit arising out of this is the MINIMUM ALTERNATE TAX (MAT).



It has been reduced- The FM likewise decreased MAT from the current pace of 18.5 percent to 15 percent, offering help to those organizations that will keep on benefiting motivating forces and exclusions. This ultimately resulted in the rapid growth of Sensex. We can see that in the below diagram (Fig 5).

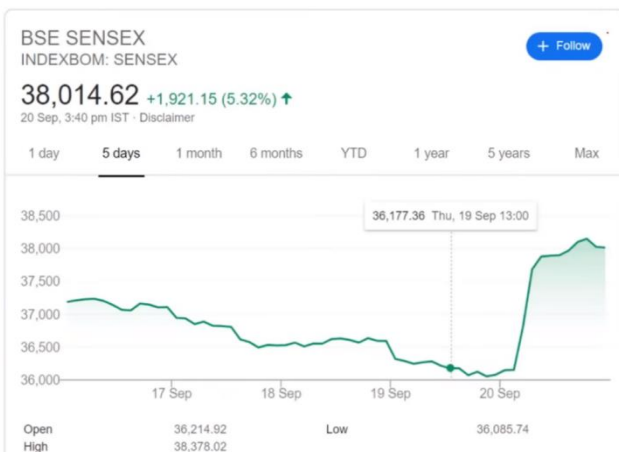
### Sensex surges over 2,000 points after government slashes corporate tax rates

TIMESOFINDIA.COM | Updated: Sep 20, 2019, 14:50 IST



#### HIGHLIGHTS

- After a cautious start, the 30-share BSE index was trading 1198.94 points or 3.32 per cent high at 37,265.37 in morning trade
- Top gainers in the sensex pack include Maruti, Tata Steel, HDFC Bank, Yes Bank, reinance, IndusInd Bank, LT with their shares rising as much as 5.69 per cent



**Fig 5**

Upgraded overcharge presented by the Finance Act 2019 will not make a difference to capital additions emerging on special of value share in an organization/unit of value situated asset or unit of business trust at risk for protections exchange charge, the FM reported.

Upgraded overcharge will not make a difference to capital additions at a bargain of any protections, including subordinates, in the possession of Foreign Portfolio Investors (FPIs)

It has additionally gotten improvement fabricating enterprises and expanded work.

#### B. Oil and gas

The oil and gas region will be one of the critical beneficiaries of lowered rate as the ordinary tax rate for the space in financial year completed March 2019 was close to 33.4 percent. "Oil and Natural Gas Corporation Ltd.", "Indian Oil Corporation Ltd." moreover, "Castrol India Ltd." would have been the top tax saving associations reliant upon FY19 charge rates. For "Castrol India", charge rates are given for schedule year 2018.

#### C. Telecom Sector

The telecom area has been requesting decrease in permit expenses, range utilization charges, labor and products charge (GST) and different charges as has been imagined in

the National Digital Communications Policy 2018. The issue is in the top line where we are paying 30% assessment to the public authority. Telecom areas have been requesting bringing of GST from 18 down to 12 percent. There isn't anything left in main concern. Therefore, it marks no changes in the telecom sector.

#### D. Logistic

A portion of the ports and coordination's specialist co-ops have lower viable assessment rate because of misfortunes or lower charge rate in auxiliaries as they profit least substitute tax breaks. Considering FY19 charge rate as base, Mahindra Logistics Ltd., TCI Express Ltd. additionally, Blue Dart Express Ltd. would be among the huge beneficiaries.

#### E. Aviation

Just "Inter-Globe Aviation Ltd."- worked "IndiGo" pays charges among the recorded carriers. "Spice-Jet Ltd." has not been paying duties because of prior amassed misfortunes. In FY19, notwithstanding, "IndiGo" endured misfortunes because of lower ticket costs and greater expenses. Taking FY18 charge rate as base, "IndiGo" would have seen an advantage of 308 premise points.

#### F. Financial

The monetary area will be an essential recipient of the corporate expense rate cuts. Probably the greatest recipients among banks would be "State Bank of India, HDFC Bank Ltd., IndusInd Bank Ltd., DCB Bank Ltd. Among non-bank loan specialists, Bajaj Finance Ltd., Bajaj Finserv Ltd., M&M Financial Ltd. what's more, Cholamandalam Investment and Finance Company Ltd. will profit the most." The normal assessment rate for the area for FY19 remained at 32.5 percent.

## V. CONCLUSION

In the medium to long term, the decrease in corporate assessment can help support speculations and increment the economy's profitable limit. While there will be a slump in demand in the short term, investment decisions are generally taken after looking at long-term demand projections. 'The current cut taxes in government expenditures can make India more competitive on the worldwide stage by making Indian corporate assessment rates practically identical to that of rates in East Asia'. The tax cut in any case, is relied upon to cause a yearly income deficiency of ₹1.45 Lakh Crores to the public authority which is battling to meet its fiscal deficit target. "Simultaneously, on the off chance that it figures out how to adequately restore the economy, the present tax cut can help boost tax collections and compensate for the loss of revenue." In case demand is expected to rise, ventures will yield results and with lower charges, benefits will be more. These ventures will likewise make more positions and increment profit in due time.



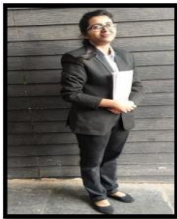
**ABBREVIATIONS AND ACRONYMS**

- 1. & - AND
- 2. BSE - BOMBAY STOCK EXCHANGE
- 3. FDI - FOREIGN DIRECT INVESTMENT
- 4. FM - FINANCE MINISTER
- 5. F.Y - FINANCIAL YEAR
- 6. GDP - GROSS DOMESTIC PRODUCT
- 7. GST - GOODS AND SERVICE TAX
- 8. INR - INDIAN RUPEE
- 9. LTD - LIMITED
- 10. MAT - MINIMUM ALTERNATE TAX
- 11. PY - PREVIOUS YEAR

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**AUTHORS PROFILE**



**Aarchi**, currently in the final year of her integrated BBA.LLB (5years) under graduate course, enrolled in the KIIT Law School, KIIT University, has always been determined to pursue law as her career. She has opted Taxation Laws as her honours because of her very keen interest in the field of taxation. In her whole student life including this ongoing undergraduate programme she has been a very consistent student, be it in the

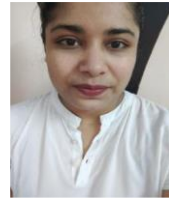
scholastic or co-scholastic arena. She finished her high school and senior secondary school with flying colours from CBSE affiliated schools in her home town (Nawada, Bihar) and then moved to Bhubaneswar for higher studies. She has authored papers on topics related to laws such as Section 377: A Battle of LGBT Community against the Stereotypical Societal Norms, The Contempt of Court and has also written a blog on Emergence of Sports Law in India. In the legal industry she last worked as an intern in the Godrej Group of Industries and was a part of the indirect taxation team. She has also interned under various organizations such as National Aluminium Company Limited (A Navratna CPSE under Ministry of Mines), Tata Motors, Trans India Law Associates etc.



**Martya Saha**, currently a student of 5 year integrated BBA LLB course at KIIT School of Law, Odisha, India has honours as Taxation Law. He hails from Raiganj, West Bengal but has completed his schooling in Odisha. In the past 4 years of law school and from the various internships he has committed himself to a great exposure of what the legal field exists in India.

He was able to develop his legal research skills, along with drafting legal documents like contracts, and also the application and interpretation of various Indian laws. His academic experiences impressed him upon importance of taxation law in the modern business world, as well as the crucial role played by management in the ultimate direction and success of a

company. With his growing interest in the business world, his performance in the university steadily improved over his four years of study.



**Ankita Kumari**, currently in the 5th year pursuing BBA LLB with Taxation Law Hons. at KIIT School of Law, Bhubaneswar, Odisha. In the past years of her College and in the Internships in which she has worked, she has gained the knowledge of drafting legal documents, legal research work and various aspects of Law. In this research paper, she has concluded some of the benefits from Corporate Tax Rate Cut. Along with having her interests regarding the Taxation Laws she is having it as her Honor's paper but is also exploring towards different laws as well.



**Anuradha Padhy**, currently a student of 5 year integrated BBA LLB course at KIIT School of Law, Odisha, India with my honours as Taxation. She has recently completed her penultimate year of law school and has entered into the final year of law school. In the past 4 years of law school and from the various internships she has been committed herself; she was able to develop her legal research skills,

along with drafting legal documents like contracts, and also the application and interpretation of various Indian laws. Through this paper, she has tried to explain what corporate tax is, and the various modes through which a person may escape or has escaped the burden of paying taxes, i.e., tax evasion, tax planning and tax avoidance. Moreover, her area of interest also lies in human rights, hence, she has also published a paper regarding the reproductive rights of the Tribal women of Odisha (to be specific, the munda tribe). She also had the opportunity of writing e-articles regarding the area of private international law. Presently she is working as an editor for a legal blog focusing on Sports law of India, as well as, of various countries.



**Anuradha Panda**, currently pursuing BBA LLB (Taxation Hons.) Course at KIIT School of Law, Bhubaneswar. Approaching towards the end of her five-year course, she has accomplished the skill and art of research and has grasped various facets of law. In this research paper, she attempted to extensively illustrate the impact of Corporate Tax Rates and Revenues in India. While mentioning about her passionate attentiveness in the field of Taxation laws, regulations and its impact she states that Taxation law is not a mere subject for her but she is very ambitious to establish a secure career in this field. However, her exploration paths remain all-inclusive. She has written various law articles focusing on taxation as well as other facets in the legal industry, such as, matrimonial disputes and relations, company law and sports and entertainment industry related issues. She also has researched and articulated various e-Articles and blogs on laws pertaining to sports and entertainment industry, matrimonial relations and disputes and environmental issues as well.

