

**Statement of Revenue Impact of Tax Incentives under the Central Tax System:  
Financial Years 2017-18 and 2018-19**

The primary objective of any tax law and its administration is to raise revenue for the purpose of funding Government expenditure. The amount of revenue raised is primarily dependent upon the collective tax base and the effective tax rates. The determinants of these two factors are a range of measures which include special tax rates, exemptions, deductions, rebates, deferrals and credits. These measures are collectively called as 'tax incentives' or 'tax preferences'. They have an impact on Government revenues and also reflect a significant policy of the Government.

The tax policy provides specific tax incentives which give rise to tax preferences. Such preferences have a definite revenue impact and can also be viewed as an indirect subsidy to preferred tax payers, also referred to as 'tax expenditures'. It is often argued that tax policy should not only be efficient but also transparent. This means that the programme planning which requires specific policy objectives to be addressed using incentives having revenue impact, should be explicit. Further, transparent budgeting calls for inclusion of such indirect outlays (or revenue impacts) under the respective programme headings. Tax incentives resulting in any form of revenue impact per se are spending programs embedded in the tax statute.

The present statement is an analysis of the revenue impact of the tax incentives available under the Central Tax system. Such revenue impact of tax incentives was laid before Parliament for the first time during Budget 2006-07 as Annex-12 of the Receipts Budget by way of a statement of Revenue Foregone. It was well received by all quarters and gave rise to a constructive debate on the entire gamut of issues concerning fiscal policy. It also lent credence to the Government's intention of bringing about transparency in the matter of tax policy and tax expenditures. The second edition of this statement was placed before Parliament during Budget 2007-08 by way of Annexure-12 of the Receipts Budget and also by way of a separate budget document titled "Statement of Revenue Foregone". Thereafter, it was placed every year before Parliament during Budget from 2008-09 to 2014-15. In the Budget 2015-16, it has been termed more appropriately as the "Statement of Revenue Impact of Tax Incentives under the Central Tax System", since what is actually being analysed is the revenue impact. However, it was not part of the Receipt Budget in that year. In Budget 2015-16, it was made part of Receipt Budget as Annexure-15, while in Budget 2017-18, it was Annexure-13. In the Budget 2018-19, it was part of Receipt Budget as Annexure-7.

As earlier, this Statement seeks to list the revenue impact of tax incentives or tax subsidies that are a part of the tax system of the Central Government. The revenue impact of such tax incentives has been estimated in respect of most of the "tax preferences". The estimates are for financial year 2017-18, the most recent year for which data is available. An attempt has also been made to project the revenue impact for the financial year 2018-19 on the basis of the tax expenditure figures of the financial year 2017-18.

The estimates of the tax expenditures have been made on the basis of the following assumptions:-

- (a) The estimates and projections are intended to indicate the potential revenue gain in case of removal of exemptions, deductions, weighted deductions and similar measures. The estimates are based on a short-term impact analysis. They are developed assuming that the underlying tax base would not be affected by removal of such measures. As the behaviour of economic agents, overall economic activity or other Government policies could change along with the elimination of the specific tax preference, the revenue implications could be different to that extent.
- (b) The impact of each tax incentive is determined separately, assuming that all other tax provisions remain unchanged. Many of the tax concessions do, however, interact with each other. Therefore, the interactive impact of tax incentives could turn out to be different from the tax expenditure calculated by adding up the estimates and projections for each provision.

Though the revenue impact has been quantified in terms of tax expenditure, it does not imply that this quantum of revenue has been waived by the Government. Rather, these could be seen as targeted expenditure for the promotion of certain sectors. In some cases, the economic and social activities which are incentivised by such indirect subsidy may not have actually been undertaken or may have been much lower in scale in the absence of such incentives. The assumptions and methodology adopted to estimate the tax expenditure on account of different tax incentives are indicated at the relevant places in this Statement.

## Direct Taxes

The Income-tax Act, *inter alia*, provides for tax incentives to promote exports; balanced regional development; creation of infrastructure facilities; employment; rural development; scientific research and development; the cooperative sector, encourage savings by individuals and donations for charity. Accelerated depreciation is also provided as an incentive for capital investment. Most of these tax benefits can be availed of by both corporate and non-corporate taxpayers. This statement attempts to estimate the revenue impact of the tax incentives separately in respect of, Corporate Sector; Non-Corporate Sector (Firms, Association of Persons, Body of Individuals etc.); and Individuals/ HUF Taxpayers. Details of entities engaged in activities having charitable or social purpose have also been provided separately under the head "Charitable Entities". The heads under which the revenue impact has been estimated are broadly similar for the companies and firms etc. However, in the case of individuals, certain other heads have also been included as these are specific to them only. The statement for the corporate sector also analyses the spread of effective tax rates for companies in different profit slabs. A sectoral analysis of effective tax rates has also been attempted.

### A. Corporate Sector

Large business is mainly organised as companies. The Income-tax Department has received 8,41,687 corporate returns electronically up to 31<sup>st</sup> March, 2019 for the financial year 2017-18 [i.e. assessment year 2018-19]. Every company is required to file its return of income electronically. These companies reported corporate tax liability of Rs.4,47,744.14 crore [inclusive of surcharge and education cess] for their income of financial year 2017-18. They also reported Rs.40,369.20 crore as Dividend Distribution Tax payable during the financial year 2017-18. For the purposes of estimating the tax expenditure, data pertaining to these 8,41,687 companies<sup>1</sup> was culled from the database for analysis and is detailed in Tables 1 to 5 and Appendix to this statement.

**Table 1** profiles these companies across profit ranges. The following facts emerge from an analysis of the data:-

- 3,90,644 companies (46.41 per cent) reported Rs.15,18,224.34 crore as profits before taxes and a total income (taxable income)<sup>2</sup> of Rs.11,24,393.42 crore.
- 3,62,829 companies (43.11 per cent) reported Rs.9,08,333.60 crore as losses.
- 88,214 companies (10.48 per cent) reported Nil profit.

The **effective tax rate<sup>3</sup> of the entire base of companies reporting profits was 29.49 per cent<sup>4</sup>** for financial year 2017-18 [as against the rate of **26.89** per cent reported in the financial year 2016-17] while the statutory tax rate was 30.90 per cent in case of companies having income up to Rs. one crore, 33.06 per cent in the case of companies having income up to Rs. 10 crore and 34.61 per cent in the case of companies having income exceeding Rs.10 crore resulting in an average statutory rate of 34.40 per cent<sup>5</sup>. Companies with profits before taxes (PBT hereafter) of Rs. 500 crore and above, accounted for a total of 58.41 per cent of the total PBT and a total of 52.08 per cent of the total corporate income-tax liability. The effective rate of 29.49 per cent for the entire base of companies reporting profits, is higher than the effective tax rate of 26.89 per cent in the financial year 2016-17 due to gradual phasing out of profit linked deductions and the levy of Minimum Alternate Tax (MAT hereafter) on companies.

The average effective tax rate of companies with turnover greater than Rs. 500 Crore is 26.30 per cent. However, the average effective tax rate is significantly higher at 29.09 per cent for companies with turnover from Rs. 10 to 50 crore. This indicates lesser deviance from PBT in the case of relatively smaller companies as compared to larger companies and that higher tax concessions are being availed by the larger companies.

<sup>1</sup> The sample size for financial year 2016-17 was 6,08,836.

<sup>2</sup> The term "Total Income", in income-tax returns, represents taxable income as would be implied in common parlance.

<sup>3</sup> Effective tax rate in case of companies is the ratio of total taxes [including surcharge and education cess but excluding Dividend Distribution Tax] to the total profits before taxes [PBT] and expressed as a percentage.

<sup>4</sup> Effective tax rate including dividend distribution tax was 32.15 per cent.

<sup>5</sup> Average statutory tax rate has been worked out taking a weighted average of the tax rate of 30.90 per cent in the case of companies having total income upto Rs. 1 crore, of 33.06 per cent in the case of companies having total income upto Rs. 10 crore and 34.61 per cent in the case of companies having total income exceeding Rs.10 crore. It shall be lower after taking the impact of rate of 25 per cent for companies having turnover upto Rs. 50 crore in financial year 2015-16. This has not been factored in as the impact shall be minimal.

**Table 1: Profile of companies across range of profits before taxes  
(Financial Year 2017-18) (Number of companies– 8,41,687)**

S. No.	Profit before taxes	Number of Companies	Share in Profits before taxes (in%)	Share in total Income (in%)	Share in total Corporate Income-tax liability (in%)	Ratio of total Income to Profits before taxes (in%)	Effective tax rate (in%) [Profit to tax ratio]
1	Less than Zero	3,62,829	0.00	1.34	1.34	0.00	0.00
2	Zero	88,214	0.00	14.38	6.61	0.00	0.00
3	Rs. 0-1 Crore	3,45,458	2.72	2.84	2.43	91.71	26.39
4	Rs. 1-10 Crore	35,745	7.17	7.13	6.66	87.40	27.38
5	Rs. 10-50 Crore	6,670	9.44	8.62	9.31	80.29	29.09
6	Rs. 50-100 Crore	1,162	5.41	4.71	5.22	76.44	28.44
7	Rs. 100-500 Crore	1,236	16.85	14.54	16.35	75.82	28.62
8	Greater than Rs. 500 Crore	373	58.41	46.44	52.08	69.87	26.30
<b>All Companies</b>		<b>8,41,687</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>87.87</b>	<b>29.49*</b>

\* Higher effective rate is due to factoring in the taxes paid by companies having zero profit before taxes.

**Table 2** profiles the sample companies across effective tax rates. It is noted that 4,66,942 companies with average effective tax rates up to 20 per cent accounted for 17.59 per cent of total profits before taxes, 8.07 per cent of total taxable income and 9.20 per cent of total taxes. In other words, a large number of companies (4,66,942 i.e. 55.48 per cent) contributed a disproportionately lower amount of taxes in relation to their profits. Interestingly, 34,401 companies accounting for 5.61 per cent of the total profits and 11.98 per cent of the total taxes, had an effective tax rate approximately equal to the average statutory rate of 34.40 per cent. This shows that the tax liability across companies is unevenly distributed. This is primarily due to the various tax preferences in the Statute.

**Table 2: Profile of companies across range of Effective tax rates\*  
(Financial Year 2017-18) [Number of companies – 8,41,687]**

S. No.	Effective tax rate (in %)	Number of Companies	Share in total profits (in%)	Share in total Income (in%)	Share in total tax liability (in%)
1	Less Than Zero and Zero	3,80,006	3.18	1.57	1.43
2	0-20	86,936	14.41	6.50	7.77
3	20-25	41,118	27.16	16.84	21.76
4	25-30	1,58,190	16.26	18.49	16.38
5	30-33	52,822	33.39	44.62	41.75
6	>33	34,401	5.61	11.98	10.91
7	Indeterminate (PBT = 0)	88,214	0.00	0.00	0.00
<b>Total</b>		<b>8,41,687</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

\* Effective tax rate is inclusive of surcharge and education cess.

**Table 3** compares the effective tax rate of public companies (PSUs only) with that of private companies. While the effective rate is lower than the statutory rate for both categories, the private sector companies pay a slightly larger proportion of their profits as tax than the public sector companies.

**Table 3: Effective tax rate\* of companies in the public and private sectors  
(Financial Year 2017-18) [Number of companies– 8,41,687]**

S. No.	Sector	Number of Companies	Share in total profits (in%)	Share in total tax liability (in%)	Effective tax rate (in %)
1	Public#	214	16.64	15.11	28.29
2	Private	8,41,473	83.36	84.89	29.73
<b>Total</b>		<b>8,41,687</b>	<b>100.00</b>	<b>100.00</b>	<b>29.49</b>

\* Effective tax rate is inclusive of surcharge and education cess.

# Based on the information given by the assessee companies (as PSU) in their respective returns.

**Table 4** shows a comparison between the effective tax rate of the manufacturing sector and the other sectors in respect of the companies. The non-manufacturing sectors have a higher effective tax rate of 30.55 per cent as compared to manufacturing sector at 27.83 per cent. Both the sectors have an effective tax rate that is well below the average statutory rate of 34.40 per cent.

**Table 4: Effective tax rate\* of companies in the manufacturing and non-manufacturing sectors  
(Financial year 2018-19) [Number of companies– 8,41,687]**

S. No.	Sector	Number of Companies	Share in total profits (in%)	Share in total tax liability (in%)	Effective tax rate (in %)
1.	Manufacturing	1,30,676	38.92	36.74	27.83
2.	Non-manufacturing	7,11,011	61.08	63.26	30.55
<b>Total</b>		<b>8,41,687</b>	<b>100.00</b>	<b>100.00</b>	<b>29.49</b>

\* Effective tax rate is inclusive of surcharge and education cess.

**Table 5** gives details of the major tax expenditures on corporate tax payers in terms of the tax expenditure during the financial year 2017-18 and 2018-19. The analysis is based on the corporate returns filed up to 31<sup>st</sup> March, 2019. The revenue impact of each tax concession availed by these companies has been calculated by applying the average statutory corporate tax rate of 34.40 per cent on the amount of each deduction. The revenue impact of accelerated depreciation, deduction/ weighted deduction for expenditure on scientific research has been calculated by first determining the difference between the depreciation/ deduction debited to the profit and loss account by companies and the depreciation/ deduction allowable under the Income-tax Act. Thereafter, the average corporate tax rate of 34.40 per cent has been applied to this difference to arrive at the tax expenditure figure.

Another aspect of tax expenditure is tax deferral. Tax deferral occurs when the taxpayer, on account of being allowed higher deductions under the tax statute is able to defer his tax liability by claiming an allowance (e.g. depreciation allowance) as a deduction over shorter time period whereas he may be spreading the same depreciation claim over a number of years in his own accounts. As depreciation does not entail cash outgo, this is a tax deferral. On the other hand, the MAT on companies under the tax statute fastens a liability (for the financial year 2017-18, at the rate of 20.90 per cent inclusive of cess and surcharge on book profits), on the profit reported by the company to its shareholders (subject to some adjustments), if this liability is in excess of the tax liability computed at normal rates. The excess liability on account of MAT is allowed as a credit (upto 15 years) in a subsequent year in which the normal tax liability is in excess of MAT. The additional tax paid on account of MAT is, therefore, an advance payment of future tax liability. It restricts the period of deferral of taxes on account of claims of depreciation and moderates the revenue impact of other deductions such as profit-linked deductions by spreading the same claim over a longer period of time.

Based on the tax expenditure figures for the financial year 2017-18, the tax expenditure for the financial year 2018-19 has been projected. The estimation for 2018-19 has been made by multiplying the tax expenditure on each tax incentive in the financial year 2017-18 by the corporate tax growth in 2018-19 as per the provisional revenue collections for the year.

**Table 5** depicts major tax expenditures on corporate taxpayers in terms of tax expenditure during the financial year 2017-18 and projection for the financial year 2018-19.

**Table 5: Revenue Impact of Major Tax Incentive for corporate tax payers  
(Financial years 2017-18 and 2018-19) [Number of companies - 8,41,687]**

<b>S. No</b>	<b>Nature of incentive</b>	<b>Revenue Impact (In Rs. Crore) [2017-18]</b>	<b>Projected Revenue Impact (In Rs. Crore) [2018-19]</b>
1	Deduction of export profits of units located in SEZs (section 10A and 10AA)	20,917.63	24,300.22
2	Accelerated Depreciation (section 32)	58,326.25	67,758.18
3	Deduction/weighted deduction for expenditure on scientific research (section 35 (1), (2AA) & (2AB))	6,832.02	7,936.82
4	Deduction in respect of specified business (section 35AD)	1,780.70	2,068.66
5	Deduction on account of donations to charitable trusts and institutions (section 80G)	1,860.11	2,160.90
6	Deduction on account of contributions to political parties (section 80GGB)	133.36	154.93
7	Deduction of profits of undertakings engaged in development of infrastructure facilities (section 80-IA)	6,841.97	7,948.38
8	Deduction of profits of undertakings engaged in development of SEZs and Industrial Parks (section 80-IA)	364.59	423.55
9	Deduction of profits of undertakings engaged in providing telecommunication services (section 80-IA)	43.38	50.39
10	Deduction of profits of undertakings engaged in generation, transmission and distribution of power (section 80-IA)	13,156.97	15,284.58
11	Deduction of profits of undertaking engaged in revival of power plant (section 80-IA)	166.70	193.65
12	Deduction of profits of undertakings engaged in development of SEZs in pursuance to SEZ Act, 2005 (section 80-IAB)	1,198.14	1,391.89
13	Deduction of profits of industrial undertakings located in Jammu & Kashmir (section 80-IB)	77.68	90.24
14	Deduction of profits of industrial undertakings located in industrially backward States other than Jammu & Kashmir (section 80-IB)	34.69	40.30
15	Deduction of profits of industrial undertakings derived from production of mineral oil and natural gas (section 80-IB)	1,098.04	1,275.60
16	Deduction of profits of industrial undertakings derived from housing projects (section 80-IB)	55.21	64.14
17	Deduction of profits of industrial undertakings derived from operating a cold chain facility (section 80-IB)	8.47	9.84
18	Deduction of profits of industrial undertakings derived from integrated business of handling, storage and transportation of food grains (section 80-IB)	62.69	72.83
19	Deduction of profits of industrial undertakings derived from processing, preservation and packaging of fruits and vegetables (section 80-IB)	238.50	277.07

S. No.	Nature of incentive	Revenue Impact (In Rs. Crore) [2017-18]	Projected Revenue Impact (In Rs. Crore) [2018-19]
20	Deduction of profits of industrial undertakings derived from hospital in rural area (section 80-IB)	2.12	2.47
21	Deduction of profits and gains from housing projects (section 80-IBA)	55.77	64.79
22	Deduction of profits of undertakings set-up in North Eastern States (section 80-IC)	1,191.59	1,384.28
23	Deduction of profits of undertakings set-up in Sikkim (section 80-IC)	2,320.94	2,696.26
24	Deduction of profits of undertakings set-up in Uttarakhand (section 80-IC)	1,798.33	2,089.14
25	Deduction of profits of undertakings set-up in Himachal Pradesh (section 80-IC)	473.90	550.54
26	Deduction of profits from business of collecting and processing of bio-degradable waste (section 80JJA)	18.03	20.95
27	Deduction in respect of employment of new workmen (section 80JJAA)	738.50	857.92
28	Deduction in respect of certain incomes of Offshore Banking Units [OBUs] and International Financial Services Centre [IFSC](section 80LA)	273.40	317.61
<b>Total</b>		<b>1,20,069.67</b>	<b>1,39,486.12</b>
Less Additional Tax Liability on account of MAT		41,792.21	
Reduced By MAT credit claimed		15,365.04	
Net Additional Tax due to MAT		26,427.17	30,700.70
<b>Total Revenue Foregone</b>		<b>93,642.50</b>	<b>1,08,785.41</b>

While the projected tax expenditure figure for financial year 2017-18 (exclusive of additional tax due to MAT payment) was estimated in the last year's statement to be Rs. 1,33,953.59 crore, it has now been actually calculated at Rs. 1,20,069.67 crore. Taking into account, the additional tax collected as a result of MAT, the actual revenue impact of tax incentives is higher at Rs. 93,642.50 crore against the tax expenditure of Rs. 85,026.11 crore projected in last year statement. Accelerated depreciation is the head under which the highest amount of tax incentive (Rs. 58,326.25 crore) has been given. Across various sectors, deductions availed by units located in SEZ, undertakings engaged in generation, transmission and distribution of power, undertakings engaged in development of infrastructure facilities and for production of mineral oil and natural gas accounted for a significant portion of the total tax incentive.

The industry-wise distribution of effective tax rate of companies is given in the table in the Appendix to this statement. At the lower range, the effective tax rate for Mining of non-ferrous metal ores, except uranium and thorium ores and Agriculture, Animal Husbandry & Forestry Sector is at 15.66 per cent and 16.55 per cent respectively. Similarly, the effective tax rate for sub-sector Collection, purification and distribution of water, of Electricity, Gas & Water sector at 17.36 per cent is lower than average effective tax rate.

#### **B. Non-Corporate Sector [Firms/ AOPs/ BOIs etc.]**

Apart from the corporate sector, large business is also organised as partnership firms and Association of Persons [AOPs] or Body of Individuals [BOIs]. The tax expenditure on these is not as large as that in case of companies. The Income-tax Department has received 14,38,378 returns filed electronically upto 31<sup>st</sup> March, 2019 for income of the financial year 2017-18. For the purposes of calculating the tax expenditure, data pertaining to these 14,38,378 Firms/ AOPs/ BOIs was culled out from the database. They account for a substantial part of the tax paid by the universe of Firms/ AOPs/ BOIs in the financial year 2017-18.

The data was analysed and the following facts emerged:-

- The entire firms/ AOPs/ BOIs reported Rs. 1,95,668.53 crore as profits before taxes and declared a total income (taxable income) of Rs. 1,76,904.88 crores. Losses were reported by about 2,43,056 returns which is 16.90 per cent of the total.
- These firms/ AOPs/ BOIs reported Rs. 52,736.80 crore as income-tax payable [inclusive of education cess] for the financial year 2017-18.

The revenue impact of each tax concession claimed by the firms/ AOPs/ BOIs has been calculated by applying the income tax rate of 30.98 per cent (weighted average rate calculated taking rate of 30.90 per cent for firms having income less than one crore and 34.61 per cent for firms having income more than one crore) on the amount of each deduction. The tax expenditure on account of accelerated depreciation; deduction/ weighted deduction for expenditure on scientific research has been calculated by first determining the difference between the depreciation/ deduction debited to the profit and loss accounts by firms/ AOPs/ BOIs and the depreciation/ deduction allowable under the Income-tax Act. Thereafter, the income tax rate of 30.98 per cent has been applied to this difference to arrive at the revenue impact of each tax incentive.

Based on the revenue impact for each tax incentive for the financial year 2017-18, the revenue impact for the financial year 2018-19 has been projected. The estimation for 2018-19 has been done by calculating the ratio of income-tax collections as per the provisional data of income-tax collected in 2018-19 to the actual income-tax collected in the year 2017-18 and then applying the same ratio to the tax expenditure on account of each tax incentive in 2017-18.

**Table 6** depicts the major tax expenditures on non-corporate taxpayers in terms of tax expenditure during the financial years 2017-18 and 2018-19. Like financial year 2016-17, the highest tax expenditure continues to be on account of deduction of profits of cooperative societies which accounts for 56.27 per cent of the total revenue impact as compared to 43.14 per cent in last financial year. The tax expenditure on account of deduction of profits derived by the units located in SEZs was 7.59 per cent of the total revenue forgone.

The total tax expenditure for non-corporate sector, i.e., Firms, AOPs/ BOIs for the financial year 2017-18 is worked out to be Rs. 6,109.28 crore. Table 6 depicts the major tax expenditures on non-corporate taxpayers in terms of tax expenditure during the financial years 2017-18 and 2018-19.

**Table 6: Revenue Impact of Major Tax Incentive for non-corporate [Firms/ AOPs/ BOIs] taxpayers  
Financial years 2017-18 and 2018-19**

S. No.	Nature of incentive	Revenue Impact (In Rs. Crore) [2017-18]	Projected Revenue Impact (In Rs. Crore) [2018-19]
1	Deduction of export profits of units located in SEZs (section 10A and 10AA)	463.64	538.46
2	Accelerated Depreciation (section 32)	988.21	1,147.67
3	Deduction/weighted deduction for expenditure on scientific research (section 35 (1), (2AA) & (2AB))	11.77	13.67
4	Deduction in respect of specified business (section 35AD)	36.86	42.81
5	Deduction on account of donations to charitable trusts and institutions (section 80G)	90.03	104.56
6	Deduction on account of contributions to political parties (section 80GGC)	19.47	22.62
7	Deduction of profits of undertakings engaged in development of infrastructure facilities (section 80-IA)	114.05	132.45
8	Deduction of profits of undertakings engaged in development of SEZs and Industrial Parks (section 80-IA)	13.90	16.14
9	Deduction of profits of undertakings engaged in generation, transmission and distribution of power (section 80-IA)	338.29	392.87
10	Deduction of profits of undertaking engaged in revival of power plant (section 80-IA)	8.53	9.91
11	Deduction of profits of undertakings engaged in development of SEZs in pursuance to SEZ Act, 2005 (section 80-IAB)	50.59	58.76
12	Deduction of profits of industrial undertakings located in Jammu & Kashmir (section 80-IB)	8.82	10.25
13	Deduction of profits of industrial undertakings located in industrially backward States other than Jammu & Kashmir (section 80-IB)	0.47	0.54

S. No.	Nature of incentive	Revenue Impact (In Rs. Crore) [2017-18]	Projected Revenue Impact (In Rs. Crore) [2018-19]
14	Deduction of profits of industrial undertakings located in backward districts (section 80-IB)	0.98	1.14
15	Deduction of profits of industrial undertakings derived from housing projects (section 80-IB)	75.76	87.98
16	Deduction of profits of industrial undertakings derived from operating a cold chain facility (section 80-IB)	2.63	3.05
17	Deduction of profits of industrial undertakings derived from integrated business of handling, storage and transportation of food grains (section 80-IB)	3.51	4.08
18	Deduction of profits of industrial undertakings derived from processing, preservation and packaging of fruits and vegetables (section 80-IB)	19.71	22.89
19	Deduction of profits and gains from housing projects (section 80-IBA)	31.88	37.03
20	Deduction of profits of undertakings set-up in North Eastern States (section 80-IC)	150.68	174.99
21	Deduction of profits of undertakings set-up in Sikkim (section 80-IC)	41.64	48.36
22	Deduction of profits of undertakings set-up in Uttarakhand (section 80-IC)	83.25	96.69
23	Deduction of profits of undertakings set-up in Himachal Pradesh (section 80-IC)	100.32	116.51
24	Deduction of profits from business of collecting and processing of bio-degradable waste (section 80JJA)	5.54	6.43
25	Deduction in respect of employment of new workmen (section 80JJAA)	10.26	11.92
26	Deduction in respect of certain incomes of Offshore Banking Units [OBUs] and International Financial Services Centre [IFSC] (section 80LA)	1.08	1.26
27	Deduction in respect of profits of cooperative societies (section 80P)	3,437.40	3,992.07
<b>Total</b>		<b>6,109.28</b>	<b>7,095.09</b>

### C. Individual/ HUF Taxpayers

Chapter VI-A of the Income-tax Act primarily provides for deduction on certain payments and deduction on certain incomes. Individual/ HUF taxpayers are eligible to claim these deductions and have a wide range of tax preferences available to them. However, since more than 50 per cent of the individual taxpayers derive their income primarily from salaries, the profit-linked deductions [i.e. deduction on certain business incomes] are not claimed by them. On the other hand, the group of non-salaried individuals claims both types of deductions.

The revenue impact of tax incentives granted to individual taxpayers is presented in Table 7. The tax impact under various sections of Chapter VI-A of the Income-tax Act has been calculated on the basis of various claims for tax preferences in the **5,89,18,404** returns filed electronically by individuals with the Income-tax Department till 31<sup>st</sup> March, 2019. Apart from deductions under Chapter VI-A, the other major tax expenditure on individual taxpayers in the financial year 2017-18 was on account of the higher basic exemption limit of Rs. 3,00,000 for senior citizens (individuals aged 60 years or more), and enhanced exemption limit of Rs. 5,00,000 for very senior citizens (individuals aged eighty years or more).

Based on the figures of total **5,89,18,404** returns of income, the tax expenditure for the entire population of taxpayers has been projected as under:-

- (i) The revenue impact of higher basic exemption limits, as aforesaid (Sl. No. 26 and 27 of Table 7), has been calculated by multiplying the tax expenditure per senior citizen and very senior citizen with their respective numbers. According to the data of these returns, 10.50 per cent of the returns were filed by senior citizens and 0.62 per cent of the returns were filed by very senior citizens. Further, the revenue impact of higher exemption limit available to senior citizens has been calculated by taking into account the difference between the higher basic exemption limit (i.e. Rs. 3,00,000) as compared to the general exemption limit of Rs. 2,50,000 and applying the lowest tax rate of 5 per cent (plus cess) on the

difference. The tax expenditure for each senior citizen is Rs. 2,575 (inclusive of cess). For a very senior citizen, the exemption limit is Rs. 5,00,000 and the tax computed on such income amounting to Rs. 12,875 (inclusive of cess) is payable by an individual who is below the age of sixty years. This has been taken to be the revenue impact for each very senior citizen.

- (ii) Based on the tax expenditure figures for financial year 2017-18, the tax expenditure for the financial year 2018-19 has been projected. The estimation for 2018-19 has been done by calculating the ratio of the personal income-tax collections as per the provisional data of personal income-tax collected for 2018-19 to the actual personal income-tax collected in the year 2017-18 and then applying the same ratio to the tax expenditure on account of each tax incentive in 2017-18. As deduction under section 80CCG has been grandfathered, there would be no fresh claim in the financial year 2018-19. Therefore, the projected revenue impact under this section has been calculated by reducing it by 10 per cent.

As detailed above, **Table 7** depicts the revenue impact of major tax incentives for individual/ HUF tax payers, in terms of tax expenditure, during the financial years 2017-18 and 2018-19.

**Table 7: Revenue Impact of major tax Incentives for individual/ HUF tax payers  
Financial years 2017-18 and 2018-19**

S. No.	Nature of incentive/ deduction	Revenue Impact (In Rs. Crore) [2017-18]	Projected Revenue Impact (In Rs. Crore) [2018-19]
1	Deduction on account of certain investments and payments (section 80C)	64,789.97	75,244.62
2	Deduction on account of contribution to certain pension funds (section 80CCC)	320.29	371.98
3	Deduction on account of contribution to the New Pension Scheme (section 80CCD)	2,726.96	3,166.98
4	Deduction on account of investment in RGESS (section 80CCG)	40.05	36.04
5	Deduction on account of health insurance premium (section 80D)	3,117.97	3,621.09
6	Deduction on account of expenditure for medical treatment of a dependent who is disabled (section 80DD)	553.01	642.25
7	Deduction on account of expenditure for medical treatment of specified diseases (section 80DDB)	456.14	529.74
8	Deduction on account of interest on loan taken for higher education (section 80E)	700.13	813.10
9	Deduction on account of interest on loan for residential house property (section 80EE)	228.95	265.89
10	Deduction on account of donations to charitable trusts and institutions (section 80G)	641.72	745.26
11	Deduction on account of rent paid for housing accommodation (section 80GG)	1,465.78	1,702.30
12	Deduction on account of donations for scientific research or rural development (section 80GGA)	44.80	52.03
13	Deduction on account of contributions given to political parties (section 80GGC)	169.56	196.92
14	Deduction of profits of undertakings engaged in development of infrastructure facilities, SEZs and Industrial Parks, generation of power, and providing telecommunication services (section 80-IA)	75.69	87.91
15	Deduction of profits of undertakings engaged in development of SEZs pursuant to SEZ Act, 2005 (section 80-IAB)	0.15	0.17

S. No.	Nature of incentive/ deduction	Revenue Impact (In Rs. Crore) [2017-18]	Projected Revenue Impact (In Rs. Crore) [2018-19]
16	Deduction of profits and gains from housing projects (section 80-IBA)	10.55	12.25
17	Deduction of profits of industrial undertakings derived from housing projects, production of mineral oil, development of scientific research, integrated business of handling, storage and transportation of food grains and of industrial undertakings located in Jammu & Kashmir and in other backward areas (section 80-IB)	30.59	35.53
18	Deduction of profits of undertakings set-up in North Eastern States, Sikkim, Uttaranchal and Himachal Pradesh (section 80-IC)	89.61	104.07
19	Deduction of profits from business of collecting and processing of bio-degradable waste (section 80JJA)	6.28	7.29
20	Deduction in respect of employment of new workmen (section 80JJAA)	2.59	3.01
21	Deduction of royalty income of authors of certain books other than text books (section 80QQB)	12.42	14.42
22	Deduction of royalty income on patents (section 80RRB)	1.11	1.29
23	Deduction on account of interest in savings account (section 80TTA)	1,474.70	1,712.66
24	Deduction in case of a person with disability (section 80U)	402.01	466.88
25	Rebate u/s 87A	4,775.51	5,546.10
26	Higher exemption limit for senior citizens	1,333.13	1,548.25
27	Higher exemption limit for very senior citizens	358.25	416.05
<b>Total</b>		<b>83,827.92</b>	<b>97,344.11</b>

The revenue impact of providing a tax incentive for investments in various savings instruments, repayment of housing loan and payment of tuition fees for children [all these come under section 80C of the Income-tax Act] is the single largest tax expenditure in case of individual taxpayers followed by rebate on tax in case of resident individuals having income up to five lakh rupees and deduction on account of health insurance premium (section 80D). The tax expenditure on account of higher basic exemption limits for senior citizens and very senior citizens are also significant. As regards profit-linked deductions, the highest tax expenditure is on account of section 80-IA and section 80-IC of the Income-tax Act.

#### **D. Charitable Entities**

The Income-tax Act provides for exemptions to various entities including Government funded entities engaged in objects which are charitable in nature. In addition to this, specific exemption is also available to entities engaged in certain activities which satisfy social purposes. These entities receive donations, voluntary contributions and have other incomes from activities which are charitable in nature. The total receipts of such entities are required to be applied for the purposes for which these have been set up. These entities are required to file income tax return. The total number of electronically filed returns of such entities till 31<sup>st</sup> March, 2019, during the financial year 2018-19 is 2,18,787. The total amount applied by such entities for charitable and religious purposes in India is Rs. 5,03,782.98 crores.

**Appendix****Effective tax rate, inclusive of surcharge and education cess, of companies across Industry  
(Financial year 2017-18) (Number of companies - 8,41,687)**

<b>S. No.</b>	<b>Sector</b>	<b>Sub-Sector</b>	<b>Number of Companies</b>	<b>Profit before tax (in Rs. crore)</b>	<b>Total Tax (in Rs. crore)</b>	<b>Effective tax rate (in %)</b>
1	Agriculture, Animal Husbandry & Forestry	Agricultural and animal husbandry services	3,656	1,544.61	495.35	32.07
2	Agriculture, Animal Husbandry & Forestry	Raising of poultry and production of eggs	521	1,453.13	440.74	30.33
3	Agriculture, Animal Husbandry & Forestry	Growing and manufacturing of tea	1,384	985.69	268.02	27.19
4	Agriculture, Animal Husbandry & Forestry	Others including non-classified	6,528	2,435.28	403.06	16.55
5	Fish Farming	Fish farming	238	57.79	21.75	37.64
6	Fish Farming	Services related to marine and fresh water fisheries, fish hatcheries and fish farms	100	23.43	5.78	24.66
7	Fish Farming	Others	336	255.42	87.60	34.30
8	Mining & Quarrying	Extraction of crude petroleum and natural gas	138	37,312.35	7,598.45	20.36
9	Mining & Quarrying	Mining and agglomeration of hard coal	204	18,889.68	7,069.69	37.43
10	Mining & Quarrying	Mining of nonferrous metal ores, except uranium and thorium ores	49	21,922.47	3,432.71	15.66
11	Mining & Quarrying	Mining of iron ores	200	8,997.16	3,161.20	35.14
12	Mining & Quarrying	Others	3,117	8,372.53	2,484.68	29.68
13	Manufacturing	Manufacture of refined petroleum products	319	1,16,069.72	25,080.30	21.61
14	Manufacturing	Manufacture of pharmaceuticals, medicinal chemicals and botanical products	5,440	53,361.78	13,529.33	25.35
15	Manufacturing	Manufacture of motor vehicles	266	33,800.33	10,295.05	30.46
16	Manufacturing	Manufacture of parts & accessories of motor vehicles & engines	3,063	30,292.52	9,512.84	31.40
17	Manufacturing	Manufacture of steel products	3,981	26,714.47	7,314.72	27.38
18	Manufacturing	Manufacture of other chemical products	3,522	21,417.81	6,564.78	30.65
19	Manufacturing	Manufacture of tobacco products	337	18,898.73	6,216.28	32.89
20	Manufacturing	Manufacture of textiles (other than by handloom)	8,481	13,526.36	3,740.47	27.65

S. No.	Sector	Sub-Sector	Number of Companies	Profit before tax (in Rs. crore)	Total Tax (in Rs. crore)	Effective tax rate (in %)
21	Manufacturing	Manufacture of electrical machinery and apparatus	1,970	12,330.21	3,306.40	26.82
22	Manufacturing	Manufacture of cement, lime and plaster	655	14,747.34	3,288.06	22.30
23	Manufacturing	Manufacture of other food products	3,458	8,002.33	2,616.18	32.69
24	Manufacturing	Manufacture of Radio, Television, communication equipment and apparatus	221	7,718.99	2,581.14	33.44
25	Manufacturing	Manufacture of soap and detergents	254	8,752.34	2,440.67	27.89
26	Manufacturing	Manufacture of fertilizers and nitrogen compounds	1,030	7,343.88	2,043.36	27.82
27	Manufacturing	Manufacture of rubber products	1,056	6,900.27	2,024.91	29.35
28	Manufacturing	Manufacture of paints, varnishes and similar coatings	694	5,691.93	1,938.32	34.05
29	Manufacturing	Manufacture of plastic products	2,777	4,242.09	1,258.51	29.67
30	Manufacturing	Manufacture of paper and paper products	2,396	4,283.11	1,185.85	27.69
31	Manufacturing	Manufacture of engines and turbines	209	3,748.14	1,179.84	31.48
32	Manufacturing	Others including non-classified	90,547	1,93,120.20	58,373.15	30.23
33	Electricity, Gas & Water	Production, collection and distribution of electricity	4,371	50,649.30	10,612.51	20.95
34	Electricity, Gas & Water	Manufacture and distribution of gas	228	8,905.34	2,086.25	23.43
35	Electricity, Gas & Water	Collection, purification and distribution of water	105	168.84	29.30	17.36
36	Electricity, Gas & Water	Other essential commodity service n.e.c	2,353	924.69	278.99	30.17
37	Construction	Construction and maintenance of roads, rails, bridges, tunnels, ports, harbour, runways etc.	4,252	20,837.57	5,619.28	26.97
38	Construction	Building of complete constructions or parts civil contractors	19,143	11,000.76	3,528.89	32.08
39	Construction	Others including non-classified	47,361	23,437.69	8,095.76	34.54
40	Real Estate & Rental Services	Developing and subdividing real estate into lots	9,376	4,326.59	1,371.32	31.70
41	Real Estate & Rental Services	Operating of real estate of self owned buildings(residential and non residential)	3,511	5,203.91	1,259.74	24.21
42	Real Estate & Rental Services	Purchase, sale and letting of leased buildings(residential and non residential)	5,639	2,733.82	627.68	22.96
43	Real Estate & Rental Services	Real estate activities on a fee or contract basis	5,461	1,000.29	323.77	32.37

S. No.	Sector	Sub-Sector	Number of Companies	Profit before tax (in Rs. crore)	Total Tax (in Rs. crore)	Effective tax rate (in %)
44	Real Estate & Rental Services	Other real estate/renting services n.e.c	35,086	12,121.35	3,131.12	25.83
45	Renting of Machinery	Renting of Machinery	1,676	493.22	170.08	34.48
46	Wholesale & Retail Trade	Sale of motor parts and accessories wholesale and retail	1,202	11,724.79	3,431.90	29.27
47	Wholesale & Retail Trade	Wholesale of electronic parts & equipment	2,671	3,645.30	1,238.71	33.98
48	Wholesale & Retail Trade	Retail sale of textiles, apparel, footwear, leather goods	5,066	2,925.88	1,042.95	35.65
49	Wholesale & Retail Trade	Wholesale and retail sale of motor vehicles	3,103	2,410.09	786.70	32.64
50	Wholesale & Retail Trade	Wholesale of other machinery, equipment and supplies	2,212	1,482.38	570.66	38.50
51	Wholesale & Retail Trade	Others including non-classified	1,44,377	54,094.72	16,812.18	31.08
52	Hotels, Restaurants & Hospitality Services	Hotels, Restaurants & Hospitality Services	17,327	6,214.99	1,722.73	27.72
53	Transport & Logistics Services	Air transport	313	4,784.69	970.52	20.28
54	Transport & Logistics Services	Freight transport by road	3,370	1,774.93	604.60	34.06
55	Transport & Logistics Services	Others including non-classified	14,673	12,913.64	4,009.04	31.04
56	Post & Telecommunication Services	Post & Telecommunication Services	2,012	18,438.37	4,679.28	25.38
57	Financial Intermediation Services	Commercial banks, saving banks and discount houses	222	80,775.34	32,585.12	40.34
58	Financial Intermediation Services	Commercial loan activities	2,089	31,595.18	10,284.25	32.55
59	Financial Intermediation Services	Housing finance activities	198	25,151.93	6,932.36	27.56
60	Financial Intermediation Services	Others including non-classified	46,257	1,32,758.42	44,524.26	33.54
61	Computer & Related Services	Software development	19,005	1,22,827.43	32,794.78	26.70

S. No.	Sector	Sub-Sector	Number of Companies	Profit before tax (in Rs. crore)	Total Tax (in Rs. crore)	Effective tax rate (in %)
62	Computer & Related Services	Other IT enabled services	18,649	41,674.62	13,873.31	33.29
63	Computer & Related Services	BPO services	2,524	5,436.83	1,716.59	31.57
64	Computer & Related Services	Others	11,843	3,995.62	1,505.49	37.68
65	Research & Development	Research & Development	1,160	806.30	332.40	41.23
66	Professions	Engineering and technical consultancy	3,501	4,077.46	1,566.41	38.42
67	Professions	Business and management consultancy activities	5,943	2,054.02	691.07	33.64
68	Professions	Advertising	2,359	1,561.15	525.76	33.68
69	Professions	Architectural profession	921	289.87	101.44	34.99
70	Professions	Others including non-classified	24,648	4,302.03	1,292.57	30.05
71	Education Services	Coaching centres and tuitions	2,243	605.74	173.25	28.60
72	Education Services	Primary education	485	226.37	66.71	29.47
73	Education Services	Others including non-classified	5,597	1,120.54	395.02	35.25
74	Health Care Services	Speciality and super speciality hospitals	1,740	2,411.63	817.19	33.89
75	Health Care Services	Diagnostic centres	1,209	917.35	301.89	32.91
76	Health Care Services	Other healthcare services	3,702	756.62	243.43	32.17
77	Health Care Services	General hospitals	1,796	637.10	192.14	30.16
78	Health Care Services	Others	4,856	1,020.68	324.73	31.81
79	Social & Community Work	Social & Community Work	1,742	74.65	22.37	29.97
80	Culture & Sport	Television channels broadcast	498	7,454.32	2,201.12	29.53
81	Culture & Sport	Motion picture production	1,156	1,157.46	366.60	31.67
82	Culture & Sport	Others including non-classified	3,825	1,893.22	701.60	37.06
83	Other Services	Other Services	1,91,410	87,202.40	30,244.89	34.68
84	Extra Territorial Organisations & Bodies	IMF, World Bank, European Commission	74	14.86	4.28	28.80
<b>Total</b>			<b>8,41,687</b>	<b>15,18,224.34</b>	<b>4,47,744.14</b>	<b>29.49</b>

n.e.c. not elsewhere classified

### Statement of Revenue Impact of Tax Incentives for Customs Duty for the period 2017-18 and 2018-19

Customs duty on goods is levied under the Customs Act, 1962 at rates specified in the First Schedule to the Customs Tariff Act, 1975 (commonly referred to as basic customs duty - BCD). Export duty is also levied on certain items at rates specified in the Second Schedule to the Customs Tariff Act, 1975.

2.1 These rates, specified against individual tariff lines in the Customs Tariff Act, 1975, are commonly known as “**tariff rates**”. Further, the Customs Act, 1962 or the Finance Acts concerned delegates powers to the Central Government [under Section 25(1) of the Customs Act, 1962, which is also made applicable to duties levied under various Finance Acts], through notifications, to prescribe duty rates lower than the Tariff rates. The rates, prescribed through such exemption notifications, are referred to as “**effective rates**”.

2.2 Further, exemption notifications issued by the Government can be broadly classified into two types,

- (a) Conditional exemption notifications; and
- (b) Unconditional exemption notifications.

2.3 Unconditional exemptions prescribe general effective rates of duty for a commodity. This rate applies to all imports of that commodity, without any conditions. **In other words, such unconditional exemptions in effect prescribe MFN rate for a commodity.**

2.4 Conditional exemptions, on the other hand, prescribe effective rates under certain specific circumstances, as against the higher tariff rate or the MFN rate, as discussed above. Such conditional notifications are for specified purposes, for example, to promote domestic manufacturing, defense procurements, etc. In such cases, only those imports, which full fill conditions prescribed for such rates, are eligible for such effective rates. **As such, these exemptions result in revenue foregone vis-à-vis the relevant tariff/ MFN rate.**

2.5 Certain exemptions have been provided for procurements of raw materials and inputs goes into the export goods. As such, these exemptions only provide for tax neutralization to exports for zero rating of exports. These concessions, being aimed at zero rating of exports, do not result in revenue foregone on account of BCD concessions. However, concessions granted by way of export linked incentive schemes, in which incentives at the prescribes rate (% of export value) is provided to exporters by way of duty scrips results in revenue foregone as the duty credit available by way of these scrips is set off against the BCD payable on imports.

3. India has entered into Free Trade Agreements, Comprehensive Economic Partnership Agreements, Comprehensive Economic Co-operation Agreements with a number of countries or group of countries. Similarly, India is also a signatory to the Information Technology Agreement I. Under these agreements, India has bound itself for lower rate/exemption on the specified goods as covered under such agreement. These preferential tariffs are also prescribed through notifications issued under section 25 of the Customs Tariff Act, 1962. **Such preferential tariffs extended as part of sovereign commitments, are also general applicable rate for imports covered by such agreements.**

4.1 Till 2016-17 Budget, revenue impact of tax incentives on customs side was estimated by taking into consideration the effective rate prescribed under any exemption notification, conditional or unconditional, vis-à-vis the tariff rates prescribed under the First Schedule of the Customs Tariff Act, 1975 or under the Finance Act concerned, following the formula as under, -

- a) In cases where the tariff and effective rates of duty are ad valorem rates, -  
**Revenue impact of tax incentives = Value of goods X (Tariff rate of duty - Effective rate of duty)**
- b) In cases where the tariff rate is ad valorem basis but the effective duty is specific, then **Revenue impact of tax incentives = (Value of goods X Tariff rate of duty) - (Quantity of goods X Effective rate of specific duty)**
- c) In cases where the tariff rates and effective rates are a combination of ad valorem and specific rates, revenue impact of tax incentives is calculated accordingly.

4.2 However, this methodology resulted in over estimation of revenue impact of tax incentives, as it treats unconditional and conditional exemptions alike. As explained above, since the unconditional exemptions and exemptions extended towards sovereign commitments in effect prescribe MFN rates (effective rate) for the commodity concerned, a more appropriate estimation of the revenue impact of tax concessions would be the revenue foregone on account of conditional exemptions.

4.3 Further, the methodology did not include the revenue impact caused by the export incentives, by way of credit scrip, which could be used for payment of tax (as discussed in para 2.5 above) which resulted in under estimation of revenue impact.

4.4. In the projections made for the Budget 2018-19, the revenue impact on account of tax neutralization schemes on imports inadvertently got subtracted twice from overall revenue impact on account of BCD exemptions on an incorrect presumption. Hence, an error crept into the estimated revenue impact figure for the Year 2017-18.

5. **Revenue impact assessment for the Year 2017-18 and 2018-19 (Provisional):** Estimate of total revenue impact under various exemption notifications is based on the data generated from the Bills of Entry filed by the importers in the Indian Customs Electronic Data Interchange System (ICES) at various Electronic Data Interchange (EDI) locations. Extrapolation has been made to arrive at revenue foregone on account of non-EDI imports, which constitute about 7% of total imports.

6.1 Based on the above stated methodology, the revenue impact of tax concessions on customs side for the year 2017-18 and 2018-19 (provisional) works out as under:

**Table I: Revenue Impact of Tax concessions on account of Basic Customs Duty**

(Rs Crore)

S. No.	Name of the Scheme	Formula	Revenue Impact** (2017-18)	Revenue Impact (2018-19) (Provisional)
A.	On account of BCD collection at different rates less than Tariff rate as per EDI data	-	195770	199518
B.	On account of unconditional/technical BCD exemptions as per EDI data	-	145428	130748
C.	On account of FTA/PTA/CECA/CEPA as per EDI data (Refer Table II)	-	21780	37632
D.	On account of conditional BCD exemptions as per EDI locations (Refer Table III)	-	28562	31138
E.	Revenue foregone of Conditional BCD exemptions– EDI + non-EDI locations.	Dx100/f*	30811	33338
F.	Revenue impact on account of input tax neutralization scheme (Refer Table IV )	-	18584	24702
G.	Revenue impact on account of export linked incentive schemes (Refer Table IV )	-	22893	41018
H.	Net Duty Foregone	E+G	53704	74356

\* *f* is extrapolation factor which is equal to 92.7 and 93.4 for the year 2017-18 and 2018-19 respectively.

\*\* Based on revised methodology (Refer Para 5)

6.2 Details of Revenue impact on account of FTA/PTA/CEPA/CECA as per EDI data for the Year 2017-18 and 2018-19 (refer Sr. No. C in Table I above) is as under: -

**Table II: Revenue Impact on account of FTA/PTA/CEPA/CECA**

(Rs Crore)

S. No.	FTA/PTA/CEPA/CECA Country/Region	Revenue Impact (2017-18)	Revenue Impact (2018-19) (Provisional)
1	On account of concessional rate of customs duty for specified goods imported from ASEAN	12042	25718
2	On account of concessional rate of customs duty for specified goods imported from Korea	6695	7327
3	On account of concessional rate of customs duty for imports from Japan	2592	4053
4.	On account of concessional rate of customs duty for imports from South Asian Free Trade Area	431	500
5.	Others	20	34
<b>Total</b>		<b>21780</b>	<b>37632</b>

6.3 Details of Revenue impact on account of conditional BCD exemptions as per EDI data for the Year 2017-18 and 2018-19 (refer Sr. No. D in Table I above) is as under: -

**Table III: Revenue Impact on account of conditional BCD exemptions**

(Rs Crore)

S. No.	Head	Revenue Impact (2017-18)	Revenue Impact (2018-19) (Provisional)
1	On account of exemption to specified goods used in manufacturer of mobile phones	3075	8600
2	On account of exemption to miscellaneous goods such as specimens etc. as gifts	3433	4249
3	On account of BCD exemptions to Mineral Fuels, mineral oils etc	499	1122
4	On account of exemption to research equipment imported by public funded or Govt. Department. etc.	518	260
5	On account of exemption and effective rates of Customs Duty for other items (other than mentioned at Sr. No. 1 to 4)	21037	16907
<b>TOTAL</b>		<b>28562</b>	<b>31138</b>

6.4 Details of Revenue impact on account of Export promotion schemes as per EDI data for the Year 2017-18 and 2018-19 (refer Sr. No. F and G in Table I above) is as under: -

**Table IV: Revenue Impact on account of Export Promotion Schemes**

(Rs Crore)

S. No.	Name of the Scheme	Revenue Impact (2017-18)	Revenue Impact (2018-19) (Provisional)
1.	Advanced License Scheme	11057	15075
2	EOU/EHTP/STP/SEZ	4687	5734
3	EPCG	2445	3220
4	Duty Free Import Authorization Scheme	395	673
5	Duty Free Entitlement Credit Certificate	188	140
6	Service Export Incentive Scheme	2384	3756
7	Focus Market/Product Scheme	500	507
8	Merchandise Exports from India Scheme	19821	36615
9	Total	41477	65720
10	Revenue impact on export linked incentive schemes maintained at S. No. 5 to 8	22893	41018
11	Revenue impact on account of input tax neutralization or exemption schemes	18584	24702