REDUCTION OF TAX RATE MAY RESOLVE TO GENERATE ACCOUNTED MONEY WITH THE OPERATIONAL BREATH TO ALL THE ASSESSEES AS LIKE AS CORPORATE ASSESSEES

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Indian taxation system is divided into two folds: One is Direct Taxes and other is Indirect Taxes. In consideration of the direct taxes, it is levied on the income of the different assessee having different types of business entities earning in the same financial year.

The different types of taxpayers under the Indian context are paying taxes at different rates However an individual, Firm and a company being the taxpayers are not taxed at the same rate where digesting the intentional curb of the Central Government the corporate assessee are measured by the concessional rate where the non-corporate assessee are paying under the old structure without any revision except the minor changes thereon. By virtue of such intention it can be categorically segregated into two folds. Therefore, Direct Taxes are again subdivided as Corporate Tax and Non Corporate Tax.

Under the Corporate Tax Structure the Domestic as well as Foreign companies are liable to pay corporate tax under the Income-tax Act. While a domestic companies are taxed on its universal income, where a foreign companies are only taxed on the income earned within India i.e. is being accrued or received in India. For the purpose of calculation of taxes under Income Tax Act,1961.

The Finance Ministry has recently announced a reduction in the base corporate tax rate to 22% from 30% as part of stimulus measures to reverse slowing economic growth. The effective tax rate for domestic corporate, inclusive of surcharges, will fall from **34.94% to 25.17%** if they stop availing any other tax sops. For new manufacturing firms set up after October 1, 2019 and commencing operations by March 31, 2023, the effective tax rate will fall from **29.1% to 17%.**The corporate tax cut is part of a series of steps taken by the government to tackle the slowdown in economic growth, which has dropped for five consecutive quarters initiating from the Financial Year 2017-18 to 2019-20.The most immediate reason behind the tax cut may be the displeasure that various corporate houses have shown against the government's policies. Many investors, for instance, were spooked by the additional taxes on them that were announced by the government during the budget in July and began pulling money out of the country. It is also considered by the Central Govt. that the new revised lower tax rates will attract more investments into the country in order to revive the domestic manufacturing sector which has seen lackluster growth. Behind the rate cut it is also considered that the corporate tax rate is a major determinant of how investors allocate capital across various economies.

So there is constant pressure on governments across the world to offer the lowest tax rates in order to attract investors. Tax cuts, by putting more money in the hands of the private sector, can offer people more incentive to produce and contribute to the economy.

But Indian economy is substantially driven and influenced by the MSMEs sector where the mostly constituted by the assessee of Non corporate Sector as a result the present tax cut is equally important in taxes which can make India more competitive on the global stage by making Indian corporate as well as Non Corporate tax rates comparable to that of rates in East Asia. The tax cut, however, is expected to cause a yearly revenue loss of Rs.1.45 lakh crore to the government which is struggling to meet its fiscal deficit target. At the same time, if it manages to sufficiently revive the economy, the present tax cut can help boost tax collections and compensate for the loss of revenue.

However under the situation with post COVID-19 effect it is highly changeableness to sustain with the utter competitiveness global effect where the competitive tax rate much influence to the lower and middle class sector of assessee for the true discloser of revenue having minimum payment of direct tax results the multiple transactions are within the jurisdiction of the tax bracket. Further in comparison to the tax rate of nearby developed countries it reveals that Singapore with 17 per cent tax rate, and Vietnam, Thailand, Cambodia and Taiwan with 20 per cent base tax rates are the countries offering lower rates than India. And reduction of corporate rate not only serve the purpose unless the large untouchable non corporate segments are considered for logical reduction which only surfies the purpose and also for the satisfaction of the parliament where after this cut, on the base rate both on corporate and Non Corporate tax structure in India become enables competitive and should help boost investment. This reduction was a long-pending demand of Indian firms where India is likely to attract investors looking to move out of China and other developing countries in Asia.