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## Taxation Laws (Amendment) Bill, 2019

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### Why in News

The Rajya Sabha approved the **Taxation Laws (Amendment) Bill, 2019**, replacing an ordinance that was promulgated to **cut corporate tax rates** to boost growth rate in a slowing economy. Since it deals with taxes, the bill was introduced as a money bill in the Lok Sabha earlier.

Corporate tax is a tax imposed on the **net income of the company**.

### Key Points

- The **Taxation Laws (Amendment) Bill, 2019** replaces an ordinance that **reduced the tax rate for domestic companies from 30% and 25%** (for those with an annual turnover of over ₹400 crores) to **22%**.  
These rates are applicable for companies if they don't claim certain exemptions under the Income Tax Act.
- The rate for **new domestic manufacturing companies** set up after October 1 was **lowered to 15%**.
- The new effective tax rate inclusive of surcharge and cess for domestic companies would be 25.17% and for new domestic manufacturing companies would be 17.01%.

### Money Bill

- A Bill is said to be a **Money Bill** if it only contains provisions related to **taxation**, borrowing of money by the government, expenditure from or receipt to the Consolidated Fund of India. Bills that only contain provisions that are incidental to these matters would also be regarded as Money Bills.
- A Money Bill may **only be introduced in Lok Sabha**, on the recommendation of the President. It must be passed in the Lok Sabha by a simple majority of all members present and voting.

- The **Rajya Sabha cannot amend money bills** but can recommend amendments. A money bill, that solely concerns taxation or government spending, must be returned to the Lok Sabha **within 14 days**, or the bill is deemed to have passed both houses in the form it was originally passed by the Lok Sabha.

**Source: TH**