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PRESS RELEASE

Some news-articles, based on the advance tax payments of some of the top corporate taxpayers for the quarter ended June 2008, have reported a slow-down in the growth of the economy.

2. The growth rate in advance tax payments and TDS payments by the corporates for last three years for the June quarter is as under:

(Rs in Crore)

Minor Head	Collection during 2008-09, Qtr-1	Collection during 2007-08, Qtr-1	Collection during 2006-07, Qtr-1	Growth in 2008-09 over 2007-08	Growth in 2007-08 over 2006-07
Corporate Advance Tax	21368	17218	13458	24.1%	27.9%
Corporate TDS	22127	13782	9630	60.5%	43.1%

3. Thus, the growth of 24.1% in advance tax payments by the corporate taxpayers is quite healthy. Further, though the growth rate this year is less than the corresponding growth rate of 27.9% for 2007-08, the **growth in Corporate TDS is 60.5% this year as against 43.1% in the last year**. It is clear that the marginal decline in the growth of advance tax payment is because of substantially higher contribution from TDS of the corporate taxpayers. Companies generally estimate their TDS outgo and reduce the advance tax liability accordingly. Combined growth rate of advance tax and TDS this year is **40.3%** as against **34.3%** last year. Therefore it would be erroneous to deduce that there is slowdown in economy.

4. In any case, if advance tax payments of the top ten corporate taxpayers for the June quarter are compared, the growth rate comes to 7%. This is due to the reason that some of the prominent oil distribution companies have been badly hit by the spike in international crude prices. If the top 100 companies are taken into account, the growth in advance tax payments is 17%. However, the overall growth of advance tax payment of all the companies is around 24% for the June quarter indicating that small and medium enterprises (SMEs) have in fact paid proportionately high advance tax, thereby belying any conclusion of slowdown in the economy based on advance tax payments.

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