

# M. Com Sem III (Corporate Direct Tax)

## • Corporate Direct Tax :-

Corporate Direct tax refers to the taxation imposed directly on the income of corporations or businesses. This tax is distinct from indirect taxes, such as sales taxes and is levied on the profits earned by a corporation. The primary form of corporate direct tax is typically the corporate income tax.

## • Significance of Corporate Direct Tax :-

### ① Revenue Generation :-

Significant source of revenue for governments, contributing to public services and infrastructure.

### ② Economic Policy tool :-

Governments use corporate tax rates and incentives as tools to influence economic behavior, stimulate investment, and promote specific industries.

### ③ Fair Distribution of Tax Burden :-

It ensures that businesses contribute to the funding of public services, maintaining a fair distribution of the overall tax burden.

### ④ Incentivizing Investments :-

Competitive tax rates and favourable policies can attract foreign investments and promote domestic economic growth.

### ⑤ Budgetary Planning :-

Governments rely on corporate direct tax revenues for budgetary planning and managing fiscal policies.