






Why Do Individuals Pay More Tax Than Corporations? The Hidden Truth! 🤔



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Every year, people wonder—**Why is individual tax collection higher than corporate tax?** If big corporations make huge profits, shouldn't they contribute more? Let's decode the reality.

 As of March 16, 2025:

Category	Corporate Tax (₹ Crore)	Non-Corporate Tax (₹ Crore)
 Gross Tax Collected	12,40,308	12,90,144
 Refunds Issued	2,71,224	1,88,740
 Net Tax Collected	9,69,084	11,01,404

At first glance, this seems unfair. But here's the **economic truth**—corporations may pay taxes, but they **shift the burden** onto consumers, employees, and investors





Why is Non-Corporate Tax Collection Higher?

- ✓ Wider Tax Base – More individual taxpayers, freelancers, professionals, and small businesses contribute, leading to higher total tax collection.
- ✓ TDS on Salaries – Taxes are directly deducted (TDS), making individual tax collection stable and predictable.
- ✓ Fewer Deductions – Unlike businesses, individuals have limited tax-saving options.
- ✓ Stricter Compliance – Salaried employees and small businesses face higher scrutiny and direct tax deductions.





What Happens If Corporate Tax Is Increased?

Corporations don't absorb higher taxes—they pass them on through:



Higher Prices – Increased costs lead to expensive goods & services.



Lower Salaries – Companies cut employee benefits & wages.



Job Cuts – Less investment means fewer job opportunities.



Stock Market Impact – Middle-class investors & mutual fund holders suffer lower returns.





Why Do Corporations Get Bigger Refunds?

Despite paying huge taxes, corporations also receive higher refunds. Here's why:

- ✓ Advance Tax Overpayments – Taxes are paid on projected earnings; if profits fall, they get refunds.
- ✓ Depreciation & Loss Adjustments – Losses from previous years reduce taxable income.
- ✓ Strategic Tax Planning – Corporates use deductions, exemptions, and credits to minimize tax liability.
- ✓ Export & Investment Benefits – Refunds arise from government incentives.
- ✓ Minimum Alternate Tax (MAT) Credit – MAT-paid companies can offset it in future years.

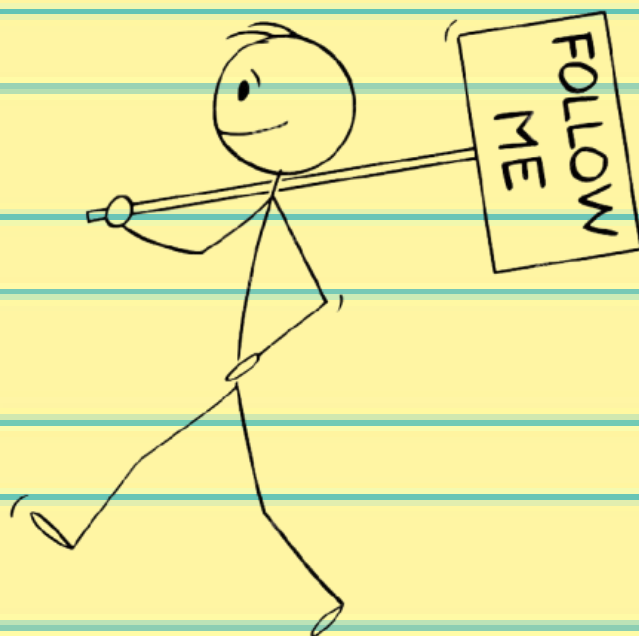




The Real Burden Falls on You!

While individuals pay tax directly, they also indirectly bear the impact of corporate taxation through higher costs and lower earnings. In the end, businesses don't really pay taxes—people do!





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