

Chapter – 2: Financial Statements and Cash Flow

Concept Questions section

12. Tax Rates:

Yes. In India, there is a differential tax rate for the personal tax computation because in a democratic country they would like to tax the poor at a lower tax rate (or don't tax at all). While, for corporate, there is no differentiation between a more profitable and a less profitable firm. So, there is a single tax rate for corporate sector. But, the differentiation is based more in terms of the type of business, place of business, etc. (when one goes into the tax rates for corporate sector). In other words, it appears to be a single tax rate yet the rates do differ).

Mini Case section

Title of the Mini Case: **AVERAGE TAX RATES ARE CHANGING!!**

Some case hints to crack the case would be ...

- (a) Find out the corporate tax rates for the past five years.
- (b) Read about the various benefits companies have while they do more business in sectors with government benefits (say, renewable energy sources).
- (c) Take into consideration the nature of business, and other related issues.