Comparative Analysis of Corporate Effective Tax Burden between Manufacturing and Service Sector in Developing Countries: An Empirical Study in India

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ABSTRACT

The present empirical study is carried in-depth to get insight into the possible reasons for differences in the effective tax burden on listed corporates in manufacturing and service sector. The study conducted the comparative analysis of the determinants of the effective tax burden on listed corporates in manufacturing and service sector in India. To achieve the objective, the study used the sample data of 227 NSE (National Stock Exchange) and BSE (Bombay Stock Exchange) listed corporates in India for the period 2005-2013. The study used OLS regression to analyse determinants of the effective tax burden on corporates. The study finds that corporates in manufacturing sector pay significantly less tax as compared to the service sector. Corporates in Pharma industry in the manufacturing sector and Banking industry in service sector gets maximum tax preference.

KEYWORDS: Tax rates, Industries, Manufacturing sector, Service sector, Corporate tax, India.

REFERENCES