

PAWAN K. AGGARWAL

**STIMULATIVE EFFECTS OF TAX
INCENTIVE FOR CHARITABLE
CONTRIBUTIONS**

A STUDY OF INDIAN CORPORATE SECTOR

NATIONAL INSTITUTE OF PUBLIC FINANCE & POLICY

The choice of an appropriate tax policy as stimulus to some activities involves value judgements and issues that are complex and wide-ranging. The present study evaluates the alternative schemes of subsidy as stimulus to charitable contributions, such as direct subsidy (block grant), scheme of deductions under the income tax law and schemes of tax credit for charitable contributions. It emphasises the empirical effects of the alternative tax treatments of charitable contributions. The study shows that the scheme of deductions for charitable contributions has led to a substantial increase in the charitable contributions by the companies. It is hoped that the findings of this study would provide a useful empirical foundation for future policy discussions in this area.

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