

# TAX INCENTIVES FOR INDUSTRIES

Tax holidays in the form of deductions are available for private sectors and incentives to industries located in special area/regions are listed below:

## **Infrastructure Sectors (Section 80-IA)**

Deduction of 100% of the profits from business for a period of 10 years for:

- (a) Development or operation and maintenance of ports, airports, roads, highways, bridges, rail systems, inland water ways, inland port or navigational channel in sea, water supply projects, water treatment systems, irrigation projects, sanitation and sewage projects, and solid waste management systems.
- (b) Generation and distribution of power that commence before March 31, 2010
- (c) Laying and operating a cross country natural gas distribution network.

## **Mineral Oil (Section 80-IB)**

Deduction of 100% of profits from the Business of Refining Mineral Oil for a period of 10 Years for:

- a. Undertaking wholly owned by a public sector Company or any other company in which Public Sector Company hold Forty Nine Percent of voting rights.
- b. Undertaking starts Refining on or before March 31, 2012.

## **Hospital (Section 80-IB)**

Deduction of 100% of profits from business of operating and maintaining Hospital for a period of 5 years for:

- a. Hospital is constructed and has started or starts functioning at any time during April 1, 2008 & March 31, 2013.
- b. Hospital has at least one hundred beds

for patients. c. Hospital is located anywhere in India other than excluded area.

## **Hotels and Convention Centre in NCR (Sec 80-ID)**

Deduction of 100% of the profits from business of hotels and convention centres for a period of 5 years for

- a. Hotel and Convention Centre located in National Capital Territory of Delhi and the districts of Faridabad, Gurgaon, Gautam Budh Nagar and Ghaziabad.

Hotel is constructed and has started or starts functioning at any time during April 1, 2007 and March 31, 2010. Likewise, the Convention Centre is constructed at any time during April 1, 2007 and March 31, 2010.

- b. Hotel located in the specified district having a World Heritage site. Hotel is constructed and has started or starts functioning at any time during April 1, 2008 and March 31, 2013.

## **Undertakings in North Eastern States (Sec 80-IE)**

Deduction of 100% of the profits from business for a period of 10 years for:

- a. Manufacture or production of goods or undertakes substantial expansion during April 1, 2007 and March 31, 2017. Providing eligible services during April 1, 2007 and March 31, 2017.
- b. Deduction is not available in respect of manufacture or production of tobacco, pan masala, plastic carry bag of less than 20 microns or goods produced by petroleum and gas refineries.

c. Eligible services are hotel (2 star or above), nursing home(25 beds or more), old age homes, vocational training institutes for hotel management, catering and food crafts, entrepreneurship development, nursing and paramedical, civil aviation related training, fashion designing and industrial training, IT related training centres, IT hardware manufacture units and bio-technology. d. The aforesaid activity takes place in any North-Eastern States(i.e., Arunachal Pradesh, Assam, Manipuri, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura).

#### **Tax Exemptions**

Following tax exemptions are available in different sectors:

#### **Deduction of 100% of the Profits from Business of**

- (a) Development or operation and maintenance of ports, airports, roads, highways, bridges etc. (Sec 80-IA).
- (b) Generation, distribution and transmission of power (Sec 80-IA).
- (c) Development, operation and maintenance of an Industrial Park or SEZ (Sec 80-IAB).

- (d) By undertakings set up in certain notified areas or in certain thrust sector industries in the North Eastern states and Sikkim (Sec 80-IC).
- (e) By undertakings set up in certain notified areas or in certain thrust sector industries in Uttaranchal and Himachal Pradesh (Sec 80-IC).
- (f) Derived from export of articles or software by undertakings in FTZ, EHTP/STP (Sec 10A).
- (g) Derived from export of articles or software by undertakings in SEZ (Sec 10AA).
- (h) Derived from export of articles or software by 100% EOU (Sec 10B).
- (i) An offshore banking unit situated in SEZ from business activities with units located in the SEZ (Sec 80LA).
- (j) Derived by undertakings engaged in Business of operating and maintaining Hospital located anywhere in India other than excluded area. (Sec 80-IB)
- (k) Derived by an undertaking engaged in the integrated business of handling, storage and transportation of food grains (Sec 80-IB).
- (l) Derived by an undertaking engaged in the commercial production or refining of mineral oil (Sec 80-IB).
- (m) Derived by an undertaking from export of wood based handicraft (Sec 10BA).