

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2155
ANSWERED ON:12.12.2008
TAX CONCESSION TO CRUISE LINERS
Jindal Shri Naveen

Will the Minister of FINANCE be pleased to state:

- (a) whether any tax concessions are offered/being offered to cruise liners; and
- (b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. P ALANIMANICKAM)

(a) & (b) Under section 172 (Shipping Business of non-residents) of the Income Tax Act, the income of a ship belonging to or chartered by a non-resident which carries passengers at a port in India, is seven and a half per cent of the amount payable on such carriage. Under the special provisions of section 44B, profits and gains of a non-resident from the business of operation of ships is taken at seven and a half per cent of the aggregate of the following amount; namely:

- (i) the amount paid or payable (whether in or out of India) to the assessee or to any person on his behalf on account of carriage of passengers, livestock, mail or goods shipped at any port in India; and
- (ii) the amount received or deemed to be received in India by or on behalf of the assessee on account of the carriage of passengers, livestock, mail or goods shipped at any port outside India.

Taxation of profits from cruise shipping business carried on by non-residents may also be subject to Double Taxation Avoidance Agreements (DTAA), and the non resident may choose to opt for the application of the provisions of the DTAA if it is more beneficial to him.

For cruise shipping business activity of residents, the income is computed in accordance with the normal provisions for taxation of business income under the Income Tax Act.