

**GOVERNMENT OF INDIA
TOURISM
LOK SABHA**

UNSTARRED QUESTION NO:3614
ANSWERED ON:16.04.2010
TAX HOLIDAY FOR HOSPITALITY SECTOR
Owaisi Shri Asaduddin

Will the Minister of TOURISM be pleased to state:

- (a) whether in an effort to spur growth in the hospitality sector, the Government is going to extend tax holiday from March 31 to July, 2010;
- (b) if so, the details thereof;
- (c) whether any achievements have so far been made in the hospitality sector after giving the tax holiday;
- (d) if so, the details thereof alongwith the category of hotels where the tax holiday is available; and
- (e) the other steps taken or being taken by the Government for the development of hospitality sector in the country?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF TOURISM (SHRI SULTAN AHMED)

(a), (b), (c), (d) and (e): Yes, Sir. With a view to encourage the growth of new budget category hotels, on the request of Ministry of Tourism, the Finance Minister had in the Budget 2007-08, announced a Five Year Tax Holiday under Section 80-ID to new hotels of 2, 3 and 4 Star category and Convention Centers which would be functional between 01.04.2007 to 31.03.2010 in the NCT of Delhi and the districts of Faridabad, Gurgaon, Gautam Buddh Nagar (NOIDA) and Ghaziabad. Subsequently, in the Budget speech for the year 2010-11, the Finance Minister has proposed extension of the date of deadline from 31.03.2010 to 31.07.2010.

Further, a Five Year Tax Holiday was also announced in the Budget of 2008-09 for two, three and four star hotels that are established in specified districts which have UNESCO-declared 'World Heritage Sites'. The hotel should be constructed and start functioning during the period April 1, 2008 to March 31, 2013.

On the request of the Ministry of Tourism, the Ministry of Finance has also relaxed External Commercial Borrowing (ECB) norms to resolve the liquidity crunch being faced by the hotel industry for setting up new hotel projects. Further, the Reserve Bank of India has classified exposures to hotels outside the Commercial Real Estate (CRE) Exposure.