

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3412
ANSWERED ON:13.08.2010
TAX REBATE FOR DEVELOPMENT OF BACKWARD AREAS
Mahendrasinh Shri Chauhan ;Sinh Dr. Sanjay

Will the Minister of FINANCE be pleased to state:

- (a) whether relief from income tax and other taxes is provided to residents of backward regions/areas;
- (b) if so, the details thereof, region-wise and conditions therefor; and
- (c) the plans of the Union Government in this regard for future?

Answer

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

(a) to (c): As per the existing provisions of Income-tax Act, 1961 (Act), exemption from income-tax, subject to certain conditions is given to certain categories of people for certain areas as under -

Provisions for individual taxpayer in certain areas -

(A) Section 10(26) of the Income-tax act, 1961 (Act) provides that in the case of a member of a Scheduled Tribe as defined in clause (25) of article 366 of the Constitution, and residing in-

(i) any area specified in Part I or Part II of the Table appended to paragraph 20 of the Sixth Schedule to the Constitution, or

(ii) in the States of Arunachal Pradesh, Manipur, Mizoram, Nagaland and Tripura, or

(iii) the areas covered by notification No. TAD/R/35/50/109, dated the 23rd February, 1951, issued by the Governor of Assam under the proviso to sub-paragraph (3) of the said paragraph 20 as it stood immediately before the commencement of the North-Eastern Areas (Reorganisation) Act, 1971 (81 of 1971), or

(iv) the Ladakh region of the State of Jammu and Kashmir,

any income which accrues or arises to him from any source in the areas or States aforesaid, or by way of dividend or interest on securities; shall be exempt from Income-tax.

(B) Section 10 (26AAA) of the Act provides that in case of an individual, being a Sikkimese, any income which accrues or arises to him from any source in the State of Sikkim; or by way of dividend or interest on securities shall be exempt from taxation under the following conditions-

(i) the exemption under this section shall not be available to a Sikkimese woman who, on or after the 1st day of April, 2008, marries an individual who is not a Sikkimese.

(ii) for the purposes of this clause, `Sikkimese` shall mean—

(a) an individual, whose name is recorded in the register maintained under the Sikkim Subjects Regulation, 1961 read with the Sikkim Subject Rules, 1961 (hereinafter referred to as the `Register of Sikkim Subjects`), immediately before the 26th day of April, 1975; or

(b) an individual, whose name is included in the Register of Sikkim Subjects by virtue of the Government of India Order No. 26030/36/90-1.C.I., dated the 7th August, 1990 and Order of even number dated the 8th April, 1991; or

(c) any other individual, whose name does not appear in the Register of Sikkim Subjects, but it is established beyond doubt that the name of such individual's father or husband or paternal grand-father or brother from the same father has been recorded in that register.

Provisions for entities operating in certain areas -

The following tax incentives are available for industrially backward regions/areas under the Income Tax Act, 1961:

Jammu & Kashmir: Deduction in respect of the profits and gains is available under section 80-IB(4) of the Income Tax Act, 1961 at the rate of 100 per cent for five assessment years and 25 per cent for the next five assessment years for eligible `new` industrial undertakings in the State which commence operations between 1.4.1993 and 31.3.2012.

Himachal Pradesh and Uttarakhand: Deduction in respect of the profits and gains is available under section 80-IC of the Income Tax Act at the rate of 100 per cent for five assessment years and 25 per cent (30 per cent in the case of companies) for the next five assessment years for eligible industrial undertakings/ enterprises which commence operations or undertake substantial expansion between 7.1.2003 and 31.3.2012 in the two States.

North-Eastern States: Deduction of the profits and gains from manufacture/production of eligible articles or things, undertaking of substantial expansion for such activities and for carrying on any eligible business during the period 1.4.2007 to 31.3.2017 at the rate of 100 per cent is available to undertakings located in any of the region under section 80-IE of the Income Tax Act for 10 assessment years.

So far as indirect taxes are concerned, certain exemptions from Central Excise duty have been provided to units manufacturing excisable goods, other than goods in the negative list, in specified States/ areas such as the North East, Himachal Pradesh, Uttarakhand etc.