

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4676  
ANSWERED ON:07.08.2009  
REVENUE LOSS DUE TO TAX DEDUCTION  
Patasani Dr. (Prof.) Prasanna Kumar

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government plans to allow 100 per cent tax deduction in the very first year on capital expenditure incurred on setting up and operating Natural Gas or Crude Oil network;
- (b) if so, the details thereof;
- (c) the names of the companies both private/PSUs likely to be benefited therefrom ;
- (d) the quantum of revenue-loss likely to be suffered by Government; and
- (e) the manner in which the Government proposes to bridge the revenue loss?

**Answer**

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

(a) Yes Sir.

(b) The Finance (No.2) Bill 2009 proposes to insert a new section 35AD in the Income-tax Act, 1961 to provide for an investment linked tax incentive in respect of the specified business of laying and operating a cross-country natural gas or crude or petroleum oil pipeline network for distribution, including storage facilities being an integral part of such network. Subject to the conditions laid down in section 35AD, a hundred per cent deduction would be allowed in respect of the whole of any expenditure of capital nature (other than expenditure on land or goodwill or financial instruments) incurred, wholly and exclusively, for the purposes of the specified business during the previous year in which such expenditure is incurred.

(c) Any undertaking engaged in carrying on the 'specified business' referred to in section 35AD of the Income-tax Act is eligible for the tax benefit thereunder subject to the conditions specified therein. Therefore, it is not possible to provide the names of any public or private company likely to benefit from the provisions of section 35AD.

(d) It is not possible to estimate the revenue loss at this stage.

(e) Does not arise.