

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:69
ANSWERED ON:12.11.2010
FISCAL INCENTIVES FOR MINOR PORTS
Pathak Shri Harin

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government of India has received proposals from various States including Gujarat to amend Section 2(15) of the Income Tax Act, 1961 to exclude the State Maritime Boards and Port Authorities from the purview of the Income Tax Act, 1961;
- (b) if so, whether the Government had rejected such proposals;
- (c) if so, the reasons therefor;
- (d) whether the Government has examined its likely adverse impact on the infrastructural development of minor ports; and
- (e) if so, the corrective fiscal action taken/proposed to be taken in the matter?

Answer

FINANCE MINISTER(SHRI PRANAB MUKHERJEE)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 69 DATED 12TH NOVEMBER, 2010
RAISED BY SHRI HARIN PATHAK 'FISCAL INCENTIVES FOR MINOR PORTS'

(a), (b) & (c) Yes Madam. Government of India has received proposals to exclude the State Maritime Boards and Port Authorities from the purview of the Income-tax Act, 1961. This requests was examined and not found feasible. The restrictive definition of the term 'local authority' was adopted on the basis of the recommendation of the Advisory Group on Tax Policy and Tax Administration for the 10th plan and considering the need to phase out exemptions inconsistent with a moderate tax regime.

(d) & (e) The Government policy on direct taxes over the last decade is to have a moderate tax rate for all tax payers over a wide tax base. Commercial activities of any entity should, in principle, be subject to tax. Under the current moderate tax regime, payment of tax on an equitable basis by all commercial entities does not create an adverse impact on any particular sector.