

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1746
ANSWERED ON:19.11.2010
RESTORATION OF IT BENEFITS UNDER SECTION 33(AC)
Bali Ram Dr.

Will the Minister of FINANCE be pleased to state:

- (a) whether the provisions of erstwhile section 33 AC of the Income Tax Act, 1961 has since been discontinued;
- (b) if so, the details thereof and reasons therefor;
- (c) whether plans or requests to restore the section are under consideration of the Union Government; and
- (d) if so, the details thereof and action taken or proposed to be taken thereon?

Answer

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

- (a) Yes. Section 33AC of the Income-tax Act, 1961 has been discontinued with effect from 01.04.2005.
- (b) The above mentioned section has been discontinued vide Finance (No.2) Act, 2004.

The sluggish growth of Indian shipping industry was a matter of concern and the Ministry of Shipping constituted an Expert Committee headed by Shri Rakesh Mohan to look into the taxation of the shipping sector and also taxation regime of Indian shipping industry vis-a-vis foreign shipping industry. Based on the recommendations of the Rakesh Mohan Committee, taxation regime of shipping industry has been revised and tonnage tax scheme for the shipping industry has been introduced after consultation with the Ministry of Shipping, under chapter XII-G of the Income-tax Act, 1961 with effect from 01.04.2005. In view of the revised taxation regime of shipping industry, deduction under section 33AC has been discontinued with effect from 01.04.2005.

- (c) In view of the (b) above, there is no plan to restore the deduction under section 33AC of the Income-tax Act, 1961.
- (d) Does not arise.