

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:713

ANSWERED ON:25.02.2011

RESTRICTION OF TAX SOPS ON FOREX EARNING OF TELECOM FIRMS

Reddy Shri K. Jayasurya Prakash

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government restricts tax sops on forex earnings of telecom firms ;
- (b) if so, the details thereof; and
- (c) the reasons therefor?

Answer

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

(a), (b) & (c) Section 80-IA(4)

(ii) of the Income-tax Act, 1961 allowed for a deduction of hundred per cent of the profits and gains for the first five assessment years and thereafter , thirty per cent of such profits and gains for further five assessment years to any undertaking which has started or starts providing telecommunication services whether basic or cellular, including radio paging , domestic satellite service, network of trunking, broadband network and internet services on or after 1st April, 1995, but on or before 31st March, 2005. Thus, any undertaking which started providing telecommunication services during this period is eligible to claim deduction in computing the total income commencing at any time during any ten consecutive assessment years out of fifteen years beginning from the year in which the undertaking starts providing telecommunication service.