

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:691
ANSWERED ON:25.11.2011
FINANCIAL CONCESSION FOR SPORTS
Ray Shri Rudramadhab

Will the Minister of FINANCE be pleased to state:

- (a) the details of the sports exempted from customs duties and income tax;
- (b) whether the Union Government monitors the levy of entertainment tax on sports and if so, the discipline-wise and State-wise details thereof;
- (c) whether the Government intends to bring sports like Formula One Race and cricket within the ambit of income/entertainment tax/customs duties;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the revenue likely to be generated by bringing such games within the tax ambit?

Answer

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

(a): So far as indirect taxes are concerned, full exemption from Custom duty has been extended to specified sports goods/equipment subject to specified conditions for sporting disciplines such as archery, athletics, badminton, basket ball, billiards & snooker, boxing, cricket, carom canoeing, kayaking and rowing, cycling, fencing, football, gymnastics, golf, hockey, hand ball, judo, shooting, skiing, swimming/water Polo, table tennis, volleyball, weightlifting, wrestling, yachting, equestrian, kabbadi, karate, Lawn tennis, Lawn Bowling, Rowing, Rugby, Speak Takraw, Soft Ball, Sqash, Software Mountaineering Equipment, iron Mountaineering equipment, Rock Climbing Equipment (Vide notification No. 148/1994-Customs dated 13.7.1994). Some sports goods/equipment have also been extended unconditional full exemption from customs duty such as in the case of Snow skis, water sport equipment, Air rifles/pistols of 0.177 calibre, pellets etc. (S. No. 582.582A and 591 of notification No. 21/2002-Customs dated 1.3.2002). A concessional customs duty of 5% has also been provided to specified sports goods for cricket, hockey, basket ball, volley ball etc. (S. No. 580 of notification No. 21/2002-Customs dated 13.2002). A concessional rate of 50% customs duty has been provided to firearms and ammunition imported as personal baggage or as gifts when imported by renowned shooter subject to specified conditions.

So far as direct taxes are concerned, under the provisions of Income-tax Act, 1961 (the Act), the exemptions are not provided to any specific sport and instead are available to all the eligible sports events and sportspersons which satisfy the conditions for availing the benefits. Section 10(39) of the Act provides exemption to the specified income arising from any international sporting event held in India to the persons notified in this regard; subject to condition that the event is approved by the International Body regulating such sport and the event have participation by more than two countries.

(b): No, Madam.

(c) & (d): So far as direct taxes are concerned, in view of reply to Part (a), no general exemption is available to any sports. Therefore, all persons involved in earning income from sports events are liable to pay income tax except specifically fulfilling the conditions for exemption and are notified in this regard. Formula one event has not been notified under section 10(39) of the Act and therefore is not eligible for exemption for income-tax. However, no exemption from Customs duty have been extended to goods imported for F1 race. For cricket, exemption is available only to specified equipments so as to encourage development of the sport in the country.

(e): The collection of Direct Tax is an overall business activity of an entity and not of any particular event. Moreover, the collection of Direct Tax depends upon several factors which includes the receipts earned and expenses incurred by the entity in organizing such events. Thus it is not possible to predict the likely collection of income-tax from such events/games.