

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2764  
ANSWERED ON:30.03.2012  
REBATE FOR EXPORT PROMOTION  
Singh Rajkumari Ratna;Yadav Shri M. Anjan Kumar

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

- (a) whether the Government has made any provisions for tax rebate for promotion of exports;
- (b) if so, the details thereof;
- (c) the value of rebate provided during the last three years alongwith the role of the said rebate in increasing the exports; and
- (d) the monitoring system in place to ensure proper utilization of the said rebate?

**Answer**

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

(a) & (b): So far as direct taxes are concerned, the following provisions of the Income Tax Act, 1961 provide incentives for the promotion of exports:-

(i) Section 10AA provides for a deduction (from the total income) of hundred percent of profits and gains derived by a unit located in an SEZ from the export of articles or things or from services for the first five consecutive assessment years, of fifty percent of such profits and gains for further five assessment years and thereafter, for the next five assessment years a deduction of fifty percent of the profit credited to the 'SEZ Re-investment Reserve Account' created and utilized for the purposes of the business of the assessee.

(ii) Section 80-IAB provides for a deduction (from the total income) of hundred percent of profits and gains derived by an undertaking from the business of development of an SEZ for any ten consecutive assessment years out of fifteen years beginning from the year in which the SEZ has been notified (notified on or after 1st April, 2005) by the Central Government.

(iii) Section 80LA provides for a deduction of SEZ-related income from the income of a scheduled bank or any bank incorporated by or under the laws of a country outside India and having an Offshore Banking Unit in a Special Economic Zone, or of a Unit of an International Financial Services Centre, to the tune of hundred percent for the first five consecutive assessment years and of fifty percent for the next five assessment years.

(c): The cost to exchequer or tax expenditure on account of tax exemptions/deductions is maintained in the form of the revenue forgone statement which is reported in the Receipts Budget, which is a part of the Annual Budget. The estimates of revenue forgone on account of direct tax exemptions/incentives for promotion of exports during the last three years are as under:-

Financial Year 2010-11: Rs. 20433 crores

Financial Year 2009-10: Rs. 18723 crores

Financial Year 2008-09: Rs. 24221 crores

(d): The Income Tax Act also provides for various checks and balances for the purposes of monitoring the direct tax incentives/deductions claimed by assesseees, including provisions relating to scrutiny, survey, search and seizure, penalty, attachment of assets, prosecution and so on. So far as indirect taxes are concerned, the information is being collected and will be laid on the Table of the House.