

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2714
ANSWERED ON:04.12.2009
TAX BENEFITS
Singh Shri Sushil Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether cent per cent tax exemption on the entire capital expenditure incurred on the setting up of and operating a natural gas or crude oil pipeline, as envisaged in Section 35AD of Finance Act, 2009, may promote investments in the oil and natural gas sector;
- (b) the details of the companies/ entities who have availed of the benefit; and
- (c) the manner by which the Government proposes to bridge the huge revenue loss as a result of these changes?

Answer

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

(a) Yes, Sir.

(b) Section 35AD has been inserted in the Income Tax Act with effect from 1.4.2010. It is applicable for incomes arising in the current financial year. Deductions will be available prospectively to any company which fulfills the necessary conditions.

(c) Section 35AD allows an undertaking to claim the entire capital expenditure as deduction in the year in which it is incurred. This expenditure would otherwise have been allowable to the entity as depreciation in subsequent years. The amendments through annual Finance Bills also contain provisions to enhance/ augment revenue collection. The Government has undertaken additional revenue generating steps such as increase in the rate of Minimum Alternate Tax in the Finance (No.2) Act, 2009.