

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2529
ANSWERED ON:04.12.2009
TAX EXEMPTION TO IT COMPANIES
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Will the Minister of FINANCE be pleased to state:

- (a) the estimated revenue foregone by the Government as a result of the Software Technology Parks of India (STPI) during each of the last three years;
- (b) the extent of application of STPI and logic behind the said concession; and
- (c) the future plan of the Government in this regard?

Answer

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

(a): The estimated revenue foregone by the Government as a result of STPI relating to direct taxes during each of the last three years are as under:

(Rs. in crore)
S.No. Financial Year Amount

1.	2006-07	9121
2.	2007-08	10590
3.	2008-09	11734

Estimated duty foregone on imports and duty free procurements under EOU/EHT/STP Scheme# pertaining to indirect taxes during last three years are as under:

(Rs.in crore)
Financial Year 2006-07 2007-08 2008-09

Customs	10947.65	13978.46	13400.65
Central Excise	140.63	124.17	97.47

#Duty-foregone figures exclusively for the STPI scheme are not maintained.

(b): Software Technology Park (STP) is a 100% export oriented scheme for the development and export of computer software using communication links for physical media and including export of professional services. The STP scheme offers fiscal benefits to lower the cost of doing business and encourage investment in the industry. The logic behind this concession is to provide incentive in the form of tax holiday to encourage investments in units set up in Software Technology Parks to promote software exports.

(c) : The Income Tax benefits under Sections 10A and 10B of the Income Tax Act, 1961 for STP units have been extended by one more year i.e. for the financial year 2010-11 and the deduction would be available upto assessment year 2011-12. Presently, the Government does not have any plans to extend the sunset clause for tax holiday to STPI units beyond assessment year 2011-12.