

COMMITTEE ON PRIVATE MEMBERS'
BILLS AND RESOLUTIONS

Fifty-third Report

[English]

SHRI M. THAMBI DURAI (Dharma-
puri) : I beg to present the Fifty-third
Report (Hindi and English versions) of the
Committee on Private Members' Bills and
Resolutions.

12.05 hrs.

STATEMENT RE : INTRODUCTION
OF CHANGES IN THE DIRECT
TAX LAWS (AMENDMENT) ACT,
1987 AND INVESTMENT
ALLOWANCE SCHEME

[English]

THE MINISTER OF STATE IN THE
DEPARTMENT OF REVENUE IN THE
MINISTRY OF FINANCE (SHRI A. K.
PANJA) : Sir. The Hon'ble Members
would recollect that while presenting the
Budget for the year 1988-89, in Part B
the Finance Minister had mentioned that
some of the provisions introduced in the
income-tax Act, 1961 by the Direct Tax
Laws (Amendment) Act, 1987 would be
reconsidered, in view of various representa-
tions received by the Government, to take
care of genuine grievances.

In the Budget Speech, he had also
mentioned that he would be bringing
forward a separate Bill for introducing Wealth
Transfer Tax which would avoid the rigidi-
ties and procedural delays which charac-
terised the operation of the old Estate Duty
Act and would apply only to wealth-tax
assessees.

Subsequently, during the course of
discussion on the Finance Bill, both in
Lok Sabha on 27th April, 1988 and Rajya
Sabha on 5th May, 1988, the Finance
Minister made statements announcing
Government's decision to make certain
amendments in the original Budget pro-
posals as also about some other tax
incentives. These *inter alia* relate to exten-
sion of 100% tax holiday under section

10B even to existing units, complete exemp-
tion in respect of export profits by taking
these out of the purview of section 115J,
exclusion of State Electricity Boards and
other companies engaged in generation or
distribution of electric power from the pur-
view of section 115J, introduction of cer-
tain measures for encouragement of
tourism for augmenting foreign exchange
resources.

Hon'ble Members will kindly recall
that the Finance Minister had announced
the Government's intention to reintroduce
the investment Allowance as an option in
lieu of the Investment Deposit Scheme in
respect of certain selected high priority
industries. The matter has been considered
further and I am glad to announce that the
option of Investment Allowance will be
available on the same basis as was availa-
ble earlier under section 32A of the Income
tax Act, in respect of new ships and air-
craft acquired after 31.3.1988 or new
machinery or plant installed after
31.3.1988 for the purpose of business of
generation or distribution of electricity or
any other form of power or in any indus-
trial undertaking for the purpose of cons-
truction, manufacture or production of any
article or thing not being an Article or
thing specified in the list in the Eleventh
Schedule of the Income-tax Act. As before,
Investment allowance will be available for
machinery or plant used in a small scale
undertaking as well. On the same basis,
Investment Allowance would not be availa-
ble in respect of machinery and plant
referred to in the proviso to sub-section
(1) of section 32A.

The work relating to amendment of the
provisions introduced by the Direct Tax
Laws (Amendment) Act, 1987, preparation
of a separate Bill for Wealth Transfer Tax
and for incorporating new provisions relat-
ing to various tax incentives, about which
announcement has been made in the two
Houses of Parliament, is in progress. The
groundwork in this regard has already been
done, but it will take some time to give
legislative form to the various proposals.
Hence, the new Amendment Bill regarding
income-tax to give effect to the various
suggestions and proposals and the Bill for
levy of Wealth Transfer Tax would be
introduced in the Monsoon Session of
Parliament.