

# WORLD TRADE ORGANIZATION

RESTRICTED

**G/SCM/Q2/IND/11**

22 April 2002

(02-2281)

**Committee on Subsidies  
and Countervailing Measures**

Original: English

## **SUBSIDIES**

### Replies to Questions from the EUROPEAN COMMUNITIES<sup>1</sup> Regarding The New and Full Notification of INDIA<sup>2</sup>

The following communication, dated 19 April 2002, has been received from the Permanent Mission of India.

**Q.1 Under the sub-heading 'Incidence' it is stated that manufacturing units in export processing zones, special economic zones and 100 per cent export oriented units are allowed deduction of profits and gains from exports.**

**Could India please state which taxes are concerned and notify the tax rates?**

#### Reply

Corporate income-tax and Personal income-tax are given below:

#### Tax Rates applicable for the financial year 2001 - 02

##### Corporate income - tax

Domestic companies -	35.7%
Foreign companies -	48.0%

##### Personal Income-tax

Up to Rs. 50,000 - Nil		
Income between Rs. 50-60,000/-	-	10%
Income between Rs. 60,000/-1,50,000/-	-	20%
Income above Rs. 1,50,000/-	-	30%

**Q.2 Under the same sub-heading it is said that the deduction 'can be availed subject to fulfillment of certain conditions specified in this regard'.**

**Could India please notify these conditions?**

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<sup>1</sup> G/SCM/Q2/IND/10

<sup>2</sup> G/SCM/N/71/IND

Reply

Conditions required for availing the benefits u/s 10A and 10B for units located in Export Processing Zones, Special Economic Zones and 100 per cent Export Oriented Units are as under:

- (i) Benefits available to manufacturing units producing articles/things or computer software;
- (ii) The undertaking is not formed by the splitting up or reconstruction of a business already in existence;
- (iii) It is not formed by the transfer to a new business of machinery or plant previously used for any purpose;
- (iv) At least 75 per cent of the total sales should be by way of exports.

**Q.3 Taxpaying traders and manufacturers are entitled to a deduction from the gross total income to a specified extent of the export profits.**

**Could India please state which taxes are concerned and notify the tax rates?**

Reply

Tax Rates applicable for the financial year 2001 - 02 are same as in Q.1. However, the corporations availing the benefit of section 80HHC are subjected to a Minimum Alternate Tax (MAT), which requires them to pay 7.5 per cent of their book profits as corporate tax.

**Q.4 The amount of the subsidy is not specified because the 'data is not available'.**

**Would India be in the position to specify the annual amount budgeted for that subsidy (tax income foregone)?**

Reply

Annual Tax expenditure budgeting is not being done in India.

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