

**Government of India  
Ministry of Finance  
Department of Revenue**

**LOK SABHA  
UN-STARRED QUESTION NO. 3216  
TO BE ANSWERED ON MONDAY, MARCH 15, 2021  
PHALGUNA 24, 1942 (SAKA)**

**TAX EXEMPTIONS FOR SETTING UP OF INDUSTRIES**

3216. SHRI ASHOK MAHADEORAO NETE:

Will the Minister of FINANCE be pleased to state:

(a) the details of industries in the country which have been exempted from central taxes at present, State and sector-wise;

(b) whether the Government has taken or proposes to take steps to provide exemption in central taxes including central excise for setting up of industries in the tribal, backward, extremely inaccessible and naxal-affected areas of Gadchiroli-Chimur in Maharashtra for their development;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

**ANSWER  
MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI ANURAG SINGH THAKUR)**

(a) to (d):

(i) It is the stated policy of the Government to phase out exemptions and deductions provided under the Income-tax Act, 1961 ("the Act") while simultaneously reducing the tax rates. Accordingly, the Finance Act, 2016 inter-alia provided a sunset date for the existing profit linked deductions under the various provisions of the Act including the profit linked deductions set up in specific areas or sectors.

In continuation with the stated policy, the Taxation Laws (Amendment) Act, 2019 inserted section 115BAA to provide for concessional tax rates of 22% (plus surcharge and cess at the applicable rates) for existing domestic companies.

(ii) It also inserted section 115BAB to the Act to provide for a concessional taxation regime, wherein new manufacturing companies, incorporated on or after 01.10.2019 and which commence manufacturing or production by 31.03.2023 would be required to pay tax @15% (plus surcharge and cess at the application rates), provided that such companies do not avail of any specified exemptions or deductions and other conditions mentioned in 115BAB are satisfied. Further, it is also been provided that domestic companies opting for concessional taxation regime shall not be required to pay any minimum alternate tax.

(iii) The GST Council in its meeting held on 30.09.2016 had noted that exemption from payment of indirect tax under any existing tax incentive scheme of Central or State Governments shall not continue under the GST regime and the concerned units shall be required to pay tax in the GST regime. Accordingly, the erstwhile schemes for exemption of excise duty for Jammu & Kashmir, Himachal Pradesh & Uttarakhand and North East States including Sikkim which were in operation till 18.07.2017 through exemption notifications issued by the Department of Revenue, were withdrawn. Subsequently, the Central Government has initiated a new scheme to provide budgetary support to units covered under the erstwhile schemes vide notification issued by Department of Industrial Policy and Promotion under Ministry of Commerce vide F. No. 10(1)/2017-DBA-II/NER dated 5th October, 2017.

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