

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

**LOK SABHA  
UNSTARRED QUESTION NO. 2147  
TO BE ANSWERED ON MONDAY, AUGUST 5, 2024  
SHRAVANA 14, 1946 (SAKA)**

**TAX INCENTIVES TO FINTECH SECTOR**

2147 THIRU DAYANIDHI MARAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether there are any current tax incentives or waivers in place for companies operating within the fintech sector and whether the Government has any plans to introduce tax cuts or waivers specifically aimed at fostering the growth and adoption of emerging technologies in the fintech industry in India, if so, the details thereof;
- (b) whether there are particular emerging technologies within the fintech sector that the Government is focusing for potential tax incentives, such as blockchain, AI, or digital banking innovations and if so, the details thereof along with the criteria the companies will need to meet to be eligible for any proposed tax cuts or waivers for emerging technologies in the fintech sector;
- (c) whether the Government has conducted any impact assessments to predict the potential economic and industry benefits of introducing such tax incentives, and if so, the details thereof; and
- (d) whether the Government is engaging with fintech companies and other stakeholders to understand their needs and challenges regarding tax policies, if so, the details thereof?

**ANSWER  
MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)**

(a) to (d) : Phasing out the exemptions and incentives available to various taxpayers and simplifying the tax structure is the stated policy of the Government. Accordingly, while there are no specific incentives, exemptions or deductions for the fintech sector. Starting from the Finance Act, 2016, the corporate tax rates have been gradually reduced. Vide Taxation Laws (Amendment) Act, 2019, an option has been provided to corporates to pay tax at concessional rate of 22% if they do not avail specified deductions or incentives.

Further, Under Section 80IAC of the Income Tax Act, 1961 ('the Act') with a view to providing an impetus to start-ups and to facilitate their growth in the initial phase of their business, a deduction of 100% of the profits and gains derived by an eligible start-up from a business involving innovation development, improvement of products, processes, or services, or a scalable business model with a high potential of employment generation or wealth creation is available. This benefits start-ups engaged in various businesses including export of services. The benefit of 100% deduction of the profits derived from such business as be available for a period of three consecutive years out of ten years beginning from the year the start-up is incorporated. Such benefit is to be provided as per provisions of this Section. Certain benefits have also been provided for carrying forward losses of eligible start-ups under section 79 of the Act.

GST rates and exemptions are prescribed on the recommendations of the GST Council, which is a constitutional body comprising of representatives from both the Centre and the States/UTs. There is no recommendation from the GST Council regarding tax cuts or waivers specifically aimed at the fintech industry in India.

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