

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 1060

TO BE ANSWERED ON MONDAY, DECEMBER 02, 2024/AGRAHAYANA 11, 1946 (SAKA)

INCENTIVES FOR TECHNOLOGY SECTOR

1060. SHRI MANISH TEWARI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any proposal to increase the current limit of Rs. 200 crore for a tech company to apply for a safe harbour margin for international transactions, if so, the details thereof;
- (b) whether the Government has any plan to introduce new tax incentives or benefits for startups and emerging companies in the tech sector; and
- (c) the details of specific measures taken/to be taken by the Government to ensure the growth and development of the technology industry in the country?

ANSWER

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

- (a) At present, there is no specific proposal for enhancement of the limit for a safe harbour margin for international transactions for a tech company. However, the Government has announced in paragraph 151 of Budget Speech, 2024 that with a view to reduce litigation and provide certainty in international taxation, the scope of safe harbour rules will be expanded to make them more attractive.
- (b) Tax incentives or benefits to start-ups is already provided under section 80-IAC of the Income-tax Act, 1961. There is no further proposal for new tax incentives or benefits for start-ups and emerging companies in the tech sector.
- (c) Specific measures taken by the Government to ensure the growth and development of the technology industry in the country are as following –
 - Technology Development Board under Department of Science and Technology has supported technology development in different industry segments. Also, technology business incubators have supported science and technology start-ups to have small businesses in tech industry domain.
 - The Ministry of Electronics & Information Technology (IT), Government of India is making continuous efforts to promote IT industry across the country and has initiated multiple schemes and programmes for growth of IT industry. Today India is recognized as IT Hub worldwide. The Software Technology Park (STP) is the one of the most important scheme in this effort. Under this scheme, Software Technology Parks have been established in 65 cities across India with 57 centres in Tier-2 and Tier-3 cities. The STP centres provide incubator facility which help entrepreneurs to convert their innovative ideas into start-ups. The incubator facility provides opportunity of meeting with investors like Venture Capitalists, mentors from Indian Institutes of Technology (IITs)/National Institutes of Technology (NITs)/Industry and networking opportunity with IT professionals etc.
