200 SEZs likely to be exempt from 18.5 per cent MAT

Commerce ministry monitoring remedial measures to promote exports in key markets; planning FTA review

Enterprises operating from over 200 Special Economic Zones (SEZs) in the country are likely to be exempted from the minimum alternative tax (MAT) of 18.5 per cent on their book profits. The Union commerce ministry is understood to have made a strong case for removing MAT on SEZ units on the ground that giving this tax benefit would revive domestic manufacturing and provide the much- needed boost to exports, declining in each of the last 13 months.

In addition, the commerce ministry has also put in place an effective monitoring mechanism that is closely looking at what remedial measures can be taken to promote exports in some of India's key markets. The free trade agreements (FTAs) are going to be examined from that perspective, as and when they come up for review.

Meanwhile, an attempt is being made to use India's services exports strength and build that into its negotiations for agreements for merchandise trade. Simultaneously, an effort is being made to strengthen the legal framework for the plantation industry, so that this sector can also play a more useful role in exports and in domestic markets.

On the question of MAT, the commerce ministry has had detailed discussions with the finance ministry. Expectations of the government removing MAT on SEZ units are high, even though the finance ministry is still debating the decision's implications of revenue loss for a government that is struggling hard to adhere to its promised fiscal deficit of 3.5 per cent of gross domestic product for 2016- 17.

(Business Standard)