

## **Ministry Wants SEZ Tax Incentives to Continue**

In the Budget 2016-17, Finance Minister Arun Jaitley had stated that the income tax benefits to new SEZ units would be available to only those units which commence activity before March 31, 2020.

The commerce ministry has pitched for continuation of tax incentives being enjoyed by units in special economic zones (SEZs) with a view to boost shipments and job creation, a government official said. In a letter to the finance ministry, the department of commerce has also asked for removal of minimum alternate tax on SEZs.

In the Budget 2016-17, Finance Minister Arun Jaitley had stated that the income tax benefits to new SEZ units would be available to only those units which commence activity before March 31, 2020. The commerce ministry wants removal of this sunset clause as it would negatively impact growth of these zones, the official added.

According to industry experts, the clause that indicates the date in advance on which tax incentives will cease to exist is a retrograde step and would impact investments and job creation in these zones. "The sunset clause will impact investments. Projects which would not be able to get completed by March 2020, they may become unviable. So, (the) government should consider removing this," Export Promotion Council for EOUs and SEZs (EPCES) former Chairman Rahul Gupta said.

Units in SEZs enjoy 100 per cent income tax exemption on export income for the first five years, 50 per cent for the next five years thereafter and 50 per cent of the ploughed back export profit for another five years. SEZs, which emerged as major export hubs in the country, started losing their sheen after imposition of minimum alternate tax and introduction of sunset clause.

During April-September 2017-18, exports from these zones grew by 13 per cent to about Rs 2.67 lakh crore. As on September last year, SEZs have attracted investments worth about Rs 4.49 lakh crore. Till December 1, 2017, the government has approved 423 SEZs, of which 222 are operational.

Last month, a commerce ministry-appointed panel has suggested that the Board of Approval, the highest decision making body for SEZs, should be given additional powers to exempt units and developers from certain rules to promote these zones.

*(Economic Times)*