

## Tax Hotline

September 28, 2000

### IT SECTORS NOTIFIED FOR TAX HOLIDAYS

Under the Finance Act 2000, vide Sections 10A and 10B, the Ministry of Finance introduced new provisions in the Indian Income Tax Act, 1961 (ITA) to provide for deduction in respect of profits and gains derived by an undertaking - set up in a free trade zone, software technology park, export-oriented unit or any special economic zone - from export of articles or things or computer software.

The deduction is available upto the assessment year ending with 2009 - 2010. The meaning of "computer software" was under debate and therefore the Finance Ministry notified sectors, which would fall within the ambit of the term "computer software". The Indian Tax Authorities notified sectors which would be eligible to avail of the provisions of section 10A and 10B of the ITA which include back office operations, call centres, content development/animation, data processing, engineering and design, geographic information systems services, human resources services, insurance claim processing, legal databases, medical transcription, payroll, remote maintenance, revenue accounting, support centres and web site services.

The Indian Tax Authorities specifically stated that it would not be possible for them to provide a comprehensive list since this sector is still evolving. Thus the notified sectors would be eligible to gain the benefit under sections 10A and section 10B of the ITA.

Source: *The Economic Times*, September 28, 2000

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