

# Tax Hotline

April 11, 2005

## TAX BREATHER FOR INDIAN EXPORTERS

The Prime Minister of India ("PM"), with a view to give a fillip to the export market of India has referred certain tax issues to the Economic Council ("EC") for their consideration.

The issues referred by the PM to the EC are:

1. The extension of the sunset clause on the tax holiday available to export oriented undertakings ("EOUs"). As per the existing provisions, no tax holiday would be available on any export profits made after March 31, 2009.
2. The exemption of EOUs from levy of service tax. Currently, the service tax exemption is available in case of export of services, provided they fulfill certain specified conditions. This suggestion may be in an attempt to exempt EOUs from service tax completely.
3. The extension of "deemed export" benefit to domestic tariff area units for supply against the "served from India" scheme certificate.

The other issues of growing unrest among Indian exporters were the levy of tax on profits derived from the Duty Entitlement Pass Book Scheme (an import scheme available for exporters) and denial of deduction in respect of profits from exports (section 80HHC of the Income Tax Act, 1961). In this regard, the PM has issued a directive to the Indian revenue department to keep the ongoing tax proceedings and recovery of tax on these profits in abeyance.

If considered and implemented, these proposals would bring a boost to Indian exports.

Source: Times of India dated April 9, 2005, "Tax Breathe for exporters." page 15,

## DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

## Research Papers

### New Age of Franchising

June 20, 2025

### Life Sciences 2025

June 11, 2025

### The Tour d'Horizon of Data Law Implications of Digital Twins

May 29, 2025

## Research Articles

### 2025 Watchlist: Life Sciences Sector India

April 04, 2025

### Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

### INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

## Audio

### CCI's Deal Value Test

February 22, 2025

### Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

### Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

## NDA Connect

Connect with us at events, conferences and seminars.

## NDA Hotline

Click here to view Hotline archives.

## Video

### Vyapak Desai speaking on the danger of deepfakes | Legally Speaking with Tarun Nangia | NewsX

April 01, 2025

**SIAC 2025 Rules: Key changes &  
Implications**

February 18, 2025

---