Date
04/11/2025

M. Com Sem-III
(Corporate Direct Tax)

* Tax Provisions in respect of Infrastructure development :-

Tax provisions for infrastructure development vary by country, with a primary goal of stimulating investment in key sectors. In India, the primary provisions include profit deductions for developers under Section 80-IA and benefits for individual investors in infrastructure bonds

- Provisions for companies and developers - Sec. 80-IA is a core provision that provide a "tax holiday" - a deduction on business profits - for companies developing operating and maintaining infrastructure facilities.

→ Who is eligible - Indian companies or Indian owned companies working on qualifying infrasture projects and bound by a Central or state government mandate.

→ Eligible projects - The provision covers a wide array of projects critical for development &

- Transportation - Toll roads, highways, bridges, airports, ports and rail systems.

- Utilities - Power generation, transmission, and distribution projects as well as telecom services and natural gas networks.

- Water and waste - Water supply, water treatment, irrigation, sanitation, sewage, and solid waste management systems.

→ Deduction amount and duration - Eligible businesses can claim a 100% deduction on their profits from these projects for 10 consecutive years. The deduction period can be selected over a longer period, such as 15 or 20 years, depending on the type of facility.

→ Conditional benefits - The company must continue to operate the project for a specified period and the deduction may be revoked if the project is transferred or discontinued prematurely.