

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2254
ANSWERED ON:10.03.2006
IT EXEMPTION
Singh Smt. Pratibha

Will the Minister of FINANCE be pleased to state:

- (a) whether Leh-Laddakh and North Eastern States are exempted from income tax on the ground of their geographical conditions;
- (b) if so, the reasons for not granting similar facilities to the tribal areas of Himachal Pradesh which have identical geographical condition;
- (c) whether the Government proposes to consider to exempt tribal areas of Himachal Pradesh on the lines of North Eastern States and Leh-Laddakh region of Jammu and Kashmir from income tax; and
- (d) if so, the time by which it is likely to be implemented?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE: (SHRI S.S. PALANIMANICKAM)

(a) Clause (26) of Section 10 of the Income-tax Act provides exemption to income accruing or arising to a member of a Scheduled Tribe as defined in clause (25) of article 366 of the Constitution, residing in the following areas from any source in the said area or states or by way of dividend or interest on securities:-

(i) any areas specified in Part I or Part II of the Table appended to paragraph 20 of the Sixth Schedule to the Constitution, or

(ii) in the States of Arunachal Pradesh, Manipur, Mizoram, Nagaland and Tripura, or

(iii) in the areas covered by notification No.TAD/R/35/50/109, dated the 23rd February, 1951, issued by the Governor of Assam under the proviso to sub-paragraph (3) of Paragraph 20 of the sixth schedule of the Constitution as it stood immediately before the commencement of the North-Eastern Areas (Reorganisation) Act, 1971 (81 of 1971), or

(iv) in the Ladakh region of the State of Jammu and Kashmir. The exemption is not available to all residents of the said geographical areas but only to a certain section of individual assesseees i.e., the members of the Scheduled Tribes residing in that area. This exemption is provided both in the interests of the Scheduled Tribes and also in the interest of the areas which the tribes inhabit.

(b) As stated in a) above, the exemption is not intended to be granted solely on grounds of geographical conditions but it is meant for certain sections of people i.e., the Scheduled Tribes residing in specified areas.

(c) No proposal to extend the exemption under section 10(26) to the tribal areas of Himachal Pradesh is under consideration.

(d) Not applicable.