

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2149
ANSWERED ON:12.08.2011
TAX CONCESSION TO SPORTS
Shukla Shri Balkrishna Khanderao Balu Shukla

Will the Minister of FINANCE be pleased to state:

- (a) whether any encouragement is given by the Union Government to sports in terms of tax concessions;
- (b) if so, the details thereof discipline-wise; and
- (c) the reasons for not giving similar concessions to other disciplines of sports, if any?

Answer

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

(a) & (b): As far as Direct taxes are concerned, under the Income-tax Act, 1961 (Act), there are various incentives available for the encouragement of sports activity. The incentives are not provided to specific disciplines of sport and instead are available to all the eligible sports events and sports persons. The incentives available under the Act are as under:-

(i) Section 10(39) of the Act provides exemption to the specified income arising from any international sporting event held in India to the persons notified in this regard; subject to condition that the event is approved by the International Body regulating such sport and the event has participation by more than two countries.

(ii) Section 80G of the Act provides 100% deduction on the amount of sum paid by a company as donation to the Indian Olympic Association or other Association/ Institution established in India, complying notified guidelines, for the development of infrastructure for sports and games or sponsorship of sports and games in India. Further, donation to National Sports Fund is also eligible for 100% deduction.

(iii) Section 80G also provides that an association or institution having as its object the control, supervision, regulation or encouragement in India of such games or sports notified by Central Government in this behalf (A list of notified games and sports under section 80G, Explanation 4 is enclosed as Annexure-1) shall be treated as institution established in India for charitable purpose and accordingly the provision available to charitable institution shall be available to it.

(iv) Section 80IE provides 100% deduction of the profit and gains derived from an eligible business set up in North-Eastern States. The eligible business includes adventure and leisure sports including ropeways.

(v) Section 115BBA provides that income received or receivable to a sportsman (including athlete), who is not a citizen of India and is non-resident by way of participation in any game/sport in India, advertisement, contribution to articles relating to any game or sports in India in newspaper, magazine or journals shall be taxed at a lower rate of 10%. The same is applicable for a non-resident sports association or institution on the amount guaranteed to be paid or payable in relation to any game or sports paid in India. In such cases, no deduction in respect of any expenditure or allowance shall be allowed. Under Section 194E of the Act, tax shall be deducted @10% in such cases. So far as indirect taxes are concerned, currently some specified sports goods/equipments have been provided full exemption/concessional rate from customs duty while they are subject to a concessional excise duty. Exemption from service tax has also been provided to specified services provided in relation to sports. The details are as under:

Central Excise

A nominal excise duty of 1% against the standard excise duty rate of 10% is applicable to sports goods other than articles and equipment of general physical exercise.

Customs

(i) Full exemption from Custom duty has been extended to specified sports goods/equipment subject to specified conditions for a large number of sporting disciplines such as archery, athletics, badminton, Lawn tennis, shooting volleyball, squash, football, basket ball, cricket, cycling, fencing, football, gymnastics, golf, hockey, hand ball, judo, swimming/ water Polo, table tennis, weightlifting, wrestling, yachting, equestrian, kabbadi, karate Iron Mountaineering, Rock Climbing etc.

(ii) Some sports goods/equipment have also been extended unconditional full exemption from customs duty such as Snow skis, water sport equipment, Air rifles/pistols of 0.177 calibre, pellets etc

(iii) A concessional customs duty of 5% has also been provided to specified sports goods for cricket, hockey, basket ball, volley ball etc.

(iv) A concessional rate of 50% customs duty has been provided to firearms and ammunition imported as personal baggage or as gifts when imported by renowned shooter subject to specified conditions

Service Tax

(i) Under commercial training or coaching service, imparting skill or knowledge of any lessons on any sports is excluded from the ambit of service tax;

(ii) Under renting of immovable property service, renting of vacant land for the purpose of sports is excluded from the ambit of service tax;

(iii) Exemption from levy of Service tax on sponsorship services has been extended to the following tournaments or championships organized by specified sports bodies:

a) tournaments or championships organized by any of the National Sports Federations or Federations affiliated to such National Sports Federations, where the participating teams or individuals represent any District, State or Zone;

b) tournaments or championships organized by Association of Indian Universities – Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India (for the physically challenged), Special Olympics Bharat (for the mentally challenged);

c) tournaments or championships organized by the Central Civil Services Cultural and Sports Board;

d) tournaments or championships organized as part of National Games, by the Indian Olympic Association;

e) tournaments or championships organized under Panchayat Yuva Kreedha Aur Khel Abhiyaan (PYKKA) Scheme from the whole of the service tax leviable thereon under section 66 of the Finance Act.

All exemptions from customs and excise duty are provided based on representations received in this regard and recommendation of the Ministry of Sports and Youth Affairs. As regards service tax, the exemption for service tax has been extended to sports in general and not to any specific discipline.

(c): Does not arise in view of (a) & (b) above.