

## Rangarajan panel favours 10 per cent MAT on SEZ

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Tuesday, 20 May 2008  
Last Updated Wednesday, 21 May 2008

New Delhi: The EAC (Economic Advisory Council) has recommended imposition of 10% MAT (minimum alternative tax) on industrial units located in the SEZs (Special Economic zones). This number is suggested as a compromise number to end the deadlock between the two ministries (The ministry of commerce and the ministry finance).

The EAC has however rejected the proposal of the Finance Ministry to impose export obligation of 51 % for the units under SEZs. Reports from the official sources stated "The EAC has recommended to the Prime Minister that there is no need to put a cap on these zones, rather Finance Ministry should bring units in these zones under MAT that could be adjusted for tax on sales in the domestic market". MAT is a tax that has to be paid by the companies that are enjoying tax benefits or tax exemption under various schemes.

its mostly targetted to the R&D companies and Export oriented units which enjoy tax emptions.

In 2007 budget, Finance Minister P Chidambaram had brought IT units in Software Technology Parks (STPI) under MAT, for which tax holiday has been extended to March 2010.

The EAC is headed by former Reserve Bank of India(RBI) governor C Rangarajan. The Economic Advisory Council has been set up with a view to provide a sounding board for inculcating awareness in Government on the different point of view on key economic issues. More about EAC can be found on the Government of India's official website <http://eac.gov.in/aboutus/about.html>