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INCOME-TAX ACT, 2025

C: Deductions in respect of certain incomes

Section 143 - Special provisions in respect of certain undertakings in North-Eastern States.

(1) Where the gross total income of an assessee includes any profits and gains derived by an undertaking, to which this section applies, from any business referred to in sub-section (2), there shall be allowed, in computing the total income of the assessee, a deduction of an amount equal to 100% of the profits and gains derived from such business for ten consecutive tax years commencing with the initial tax year.

(2) This section applies to any undertaking which during the period beginning on the 1st April, 2007 and ending before the 1st April, 2017, has begun or begins, in any of the North-Eastern States,—

(a) to manufacture or produce any eligible article or thing; or

(b) to undertake substantial expansion to manufacture or produce any eligible article or thing; or

(c) to carry on any eligible business.

(3) This section applies to any undertaking which fulfils all the following conditions:—

(a) it is not formed by splitting up, or the reconstruction, of a business already in existence (other than an undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as is referred to in section 140(4), in the circumstances and within the period specified therein);

(b) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

(4) For the purposes of sub-section (3)(b), the provisions of section 140(5) and (6) shall apply.

(5) Irrespective of anything contained in any other provision of this Act, in computing the total income of the assessee, no deduction shall be allowed under any other section contained in this Chapter in relation to the profits and gains of the undertaking.

(6) Irrespective of anything contained in this Act, no deduction shall be allowed to any undertaking under this section, where the total period of deduction inclusive of the period of deduction under this section or under second proviso to section 80-IB(4) of the Income-tax Act, 1961 exceeds ten tax years.

(7) The provisions contained in section 140(7) to (15) shall, so far as may be, apply to the eligible undertaking under this section.

(8) For the purposes of this section,—

(a) “eligible article or thing” means the article or thing other than the following:—

(i) goods falling under Chapter 24 of the First Schedule to the Central Excise Tariff Act, 1985, which pertains to tobacco and manufactured tobacco substitutes;

(ii) pan masala as covered under Chapter 21 of the First Schedule to the Central Excise Tariff Act, 1985;

(iii) plastic carry bags of less than twenty microns as specified by the Ministry of Environment and Forests vide notification numbers S.O. 705(E), dated the 2nd September, 1999 and S.O. 698(E), dated the 17th June, 2003; and

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(iv) goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985, produced by petroleum oil or gas refineries;

(b) “eligible business” means the business of—

(i) hotel (not below two star category);

(ii) adventure and leisure sports including ropeways;

(iii) providing medical and health services in the nature of nursing home with a minimum capacity of twenty-five beds;

(iv) running an old-age home;

(v) operating vocational training institute for hotel management, catering and food craft, entrepreneurship development, nursing and para-medical, civil aviation related training, fashion designing and industrial training;

(vi) running information technology related training centre;

(vii) manufacturing of information technology hardware; and

(viii) bio-technology;

(c) “initial tax year” means the tax year in which the undertaking begins to manufacture or produce articles or things, or completes substantial expansion;

(d) “North-Eastern States” means the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura;

(e) “substantial expansion” means increase in the investment in the plant and machinery by at least 25% of the book value of plant and machinery (before taking depreciation in any year), as on the first day of the tax year in which the substantial expansion is undertaken.

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