

## GENERAL

- Allocation of over Rs. 2,14,000 crore for infrastructure during FY 2011-12 constituting 48.50% of total plan allocation.
- Government to create special purpose vehicles in the form of infrastructure debt fund to attract foreign funds. Interest payment subject to withholding tax @ 5 % instead of 20%. Also, income from such funds to be exempted from tax.
- Tax free bonds of Rs 30,000 crore to be issued for infrastructure development. This includes Rs. 10,000 Crore bonds for NHAI and Rs. 5,000 Crore bonds by Ports.
- To boost funding in infrastructure sector, FII investment limit in Infrastructure sector corporate bonds (with residual maturity of over 5 years) enhanced by US\$20 billion taking the total limit to US\$25 billion. FII also to be permitted to invest in unlisted bonds with a minimum lock-in period of 3 years.
- Rate of Minimum Alternate Tax (MAT) increased from 18% to 18.5%. MAT to be levied on developers of Special Economic Zone (SEZ) as well as units operating in SEZ.
- Fertilizers to be included in infrastructure sector to provide tax breaks as available to infrastructure sector.
- CENVAT credit availed by works contractors on specified services limited to 40% where service provider does not avail abatement.
- Utilization of CENVAT credit restricted up to 50% for payment of Service Tax under "Banking & Other Financial Services" by banking and financial institutions. This would impact institutions engaged in financing infrastructure projects.



## POWER

- Reduced Basic Customs Duty (BCD) and Additional Duty of Customs (CVD) and exemption from Special Additional Duty of Customs (SAD) on import of parts and components of specified goods for use in high voltage power transmission projects.
- Excise duty exemption on goods supplied to ultra mega power projects (UMPPs).

- Tax holiday u/s 80-IA of Income Tax Act, 1961 for generation, distribution and transmission of power extended by one year up to 31<sup>st</sup> March, 2012.



## PORTS AND SHIPPING

- Specified works contract services provided within a port exempt from Service Tax.
- Customs exemption on spare parts and consumables for repairs of ocean going vessels registered in India.
- Tax free bonds of Rs. 5,000 crore allowed to be issued for infrastructure development for Ports.
- Availment of CENVAT credit is restricted to 85% of CVD in case of ship breaking units.

## HIGHWAYS

- Exemption from BCD and CVD to be available to import of tunnel boring machine and its parts for use in highway development projects.
- Tax free bonds of Rs 10,000 crore allowed to be issued for infrastructure development for NHAI.
- Duty structure on cement changed from specific rate to advalorem plus specific duty rate.
- Full exemption from BCD towards imports of Bi-asphalt and specified machinery for use in construction of national highways.
- Excise duty @1% levied on Ready Concrete Mix.

