

I&B Ministry moots five-year tax break for digital TV services

Our Bureau

New Delhi, June 18

The Ministry of Information and Broadcasting has suggested a five-year tax holiday for those offering digital television services.

The Minister, Ms Ambika Soni, met the Minister of Finance, Mr Pranab Mukherjee, with the I&B's budget proposals.

The Ministry is suggesting the tax holiday for digital cable, direct to home, satellite-based cable Headend in the Sky (HITS) and similar service providers distributing digital content. They could be taxed for 30 per cent of their profits for the following five assessment years in a block of 15 years, suggest the Ministry.

The Ministry has also asked for the fringe benefit tax (FBT), currently at 20 per

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cent, to be reduced to five per cent for both print and electronic media, and an exemption from FBT for the film industry.

Service tax of around, 12 per cent, applicable on advertising revenue of television broadcasters should also be exempt.

Ms Soni told Mr Mukherjee, bringing them at par with the print media which enjoys this exemption.

For newspapers, the I&B Ministry would like the government to waive the levy of service tax on road and rail haulage for imported newsprint.

Ms Soni has also asked service tax, entertainment tax and value added tax to be replaced by unified single Goods and Service Tax, that the Government intends to introduce with effect from April 1, 2010. The DTH industry has been complaining about the multiple taxes that it pays adding up to nearly 45 per cent.

Ms Soni also asked for a removal of special additional duty (four per cent) and countervailing duty (eight per cent) on digital set top boxes. A 10-year tax holiday for the animation and gaming industry has also been suggested.