EXAMINATION OF NOTIFICATIONS UNDER
ARTICLE XVI:1

Questions Submitted by Australia
to the Delegation of India

With respect to the notification of India (L/6450/Add.3) we note that paragraph three of the above document states that the Government of India permits domestic companies and resident non-corporate taxpayers to claim tax deductions for the "whole of the income derived by the assessee from the export of goods or merchandise".

Although we are aware of the provisions of Article 14:5 of the Code with respect to developing countries, we note that the above measure appears to be inconsistent with Item (e) of the Illustrative List of Export Subsidies annexed to Article 9 of the Code, viz. "the full or partial exemption, remission or deferral specifically related to exports of direct taxes or social welfare charges paid or payable by industrial or commercial enterprises". We wonder whether India intends to continue to maintain a measure which is inconsistent with its obligations under the Code.

If so, when would India expect to be able to enter into a commitment on this matter as required under Article 14:5 of the Code, that it will endeavour to eliminate the measure as soon as its competitive and development circumstances change?