

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

L/6450/Add.3

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SUBSIDIES

Notifications Pursuant to Article XVI:1

INDIA

The following communication regarding changes which have occurred in the export assistance since the full notification in 1987 (L/6111/Add.4), has been received from the Permanent Mission of India.

Recognizing that moderation in export subsidies is desirable, the Government of India does not maintain any export assistance programme which is inconsistent with the provisions of the Agreement on Interpretation and Application of Article VI, XVI and XXIII of the GATT. The Government of India would, however, like to notify some important export assistance programme in operation in India as per details below:

(i) Cash Compensatory Support (CCS)

The CCS is designed basically to reimburse unrefunded indirect taxes on inputs used in export production. The incidence of indirect taxes is worked out not only on the basis of unrebated indirect taxes paid on inputs directly used in the production of the export product at the last stage of production but at earlier and intermediate stages of production also. CCS is given on a selective basis after calculating the incidence of such duties and levies and after taking into consideration the existence of other disincentives to exports and competitive and development needs. In many cases, particularly for traditional manufactured and non-manufactured goods, the CCS payment does not fully compensate for taxes and levies on inputs used in export production. The CCS programme is subject to periodic review to ensure that the payments are at all times fully justified by the incidence of duties and levies, and competitive and development needs.

(ii) In addition to Cash Compensatory Support, the Government of India allows deduction in the computation of taxable profits of domestic companies and non-corporate tax payers resident in India of the whole of the income derived by the assessee from export of goods or merchandise.

(iii) It is not possible to make an assessment of the above export assistance programme.