

Section 80-IA(4)(i) of the Income-tax Act, 1961 – Deductions – In respect of profits and gains from infrastructure facility – Clarification regarding widening of existing road –definition of a new infrastructure facility

Circular No.4/2010 [F.No.178/14/2010-ITA.I], dated 18-5-2010

References have been received by the Board as to **whether widening of existing roads constitutes creation of new infrastructure facility** for the purpose of Section 80-IA(4)(i) of the Income-tax Act, 1961.

Section 80-IA(4)(i) provides for a deduction to an undertaking engaged in developing, or operating and maintaining, or developing, operating and maintaining any infrastructure facility subject to satisfaction of the conditions laid down in the Section. The Explanation to sub-section 80-IA(4)(i) states that for the purpose of this clause, infrastructure facility means inter alia:-

- “(a) a road including toll road, a bridge or a rail system;
- (b) (b) a highway project including housing or other activities being an integral part of the highway project;”
- (c) (c)

The issue has been examined by the Board. It has been decided that **widening of an existing road by constructing additional lanes as a part of a highway project by an undertaking would be regarded as a new infrastructure facility** for the purpose of Section 80-IA(4)(i). However, simply relaying of an existing road would not be classifiable as a new infrastructure facility for this purpose.