

For Immediate Release

Road Safety Related Activities are now eligible for 100% Tax Exemption under section 35AC of the Income Tax Act, 1961 clarifies the Ministry of Finance

New Delhi; 17th April 2015; India accounts for 10% of global road accident deaths. The Ministry of Road Transport and Highways (MoRTH) recorded 4.86 lakh accidents with 1.38 lakh fatalities in the year 2013. This contributed roughly to economic losses to the tune of 2-3% of the GDP in addition to the trauma to the victims kith and kin. Concerned over India accounting for highest number of global road fatalities, Road Transport and Highways Secretary Vijay Chhibber had written to Secretary, Department of Revenue, Ministry of Finance seeking clarification on 100 per cent income tax exemption on donations made to undertake approved road safety programmes under Section 35 AC read with rule 11K of the Income Tax Rules, 1962 amended in 1998.

The India Chapter of the International Road Federation and the Union Ministry of Road Transport and Highways (MoRTH), have since long, been pursuing enhancement of exemptions to 100 per cent on donations towards approved road safety programmes in order to rope in Corporate India to earmark their CSR funds to Road Safety related activities. It is worth noting that Road Traffic Injuries globally, totally human generated, if left unchecked or not accorded priority, has a potential of climbing up to the 5th leading cause of death by the year 2020.

In response to the Secretary (RT&H) letter, the Revenue Secretary, Mr. Shaktikanta Das has confirmed that the road safety related activities are now eligible for 100% tax exemption under Section 35AC of the Income Tax Act 1961 and elaborated it further as under :

“A Scheme/Project carrying out a programme that “promotes road safety, prevention of accidents and traffic awareness” is covered under Rule 11K(m) prescribed under Section 35AC of the Income Tax Act 1961. Road Safety related activities are now eligible for 100% tax exemption. The project, will, however, need to be notified as an eligible project in terms of Section 35AC (ibid) for which an application has to be made to Secretary, National Committee for Promotion of Social and Economic Welfare.”

Reacting to this, Mr. Kapila expressed deep satisfaction on this move and appeals to the Corporates, Concessionaires and Contractors of Road Infrastructure, Insurance Companies, Philanthropists, NGOs, the Civil Society and other stakeholders to make full use of this provision and contribute generously to the cause of Road Safety and towards saving precious human lives.