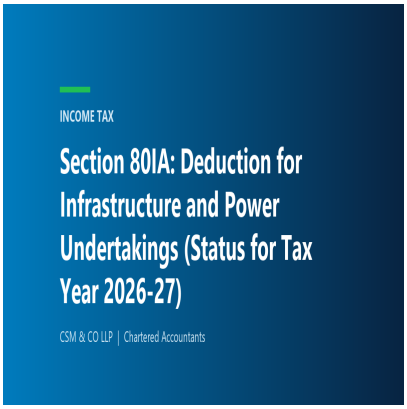

Section 80IA: Deduction for Infrastructure and Power Undertakings (Status for Tax Year 2026-27)

Description

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Quick summary

- Section 80IA gave a 100% profit-linked deduction for 10 years to undertakings in infrastructure, power, telecom and industrial parks.
- It is now a closed window: infrastructure and power undertakings had to start before 01/04/2017, and the other categories ended earlier.
- Undertakings already claiming it can continue for their remaining years under section 138 of the Income-tax Act, 2025, calculated as under section 80-IA.
- It is not available if you are in the new tax regime or pay tax at the 22% or 15% company rates. The audit report is Form 10CCB, and Form 32 from 01/04/2026.

Section 80IA of the 1961 Act gave a 100% deduction of profits for 10 years to undertakings in infrastructure, telecom, industrial parks, and power. It was designed to attract private money into these sectors. The start dates in the section have long passed, so today it matters only for undertakings that started earlier and are still within their 10 year claim.

What changes from Tax Year 2026-27?

The Income-tax Act, 2025 does not re-write section 80-IA. Section 138 simply says that where an assessee is eligible to claim the deduction for a tax year “as if the said Act had not been repealed”, the deduction is allowed, calculated as under section 80-IA and only for the years section 80-IA would have allowed. For FY 2025-26 (assessment year 2026-27) the claim is still made under section 80-IA of the 1961 Act.

Which businesses qualified, and when did they have to start?

Business	Had to start	Deduction

Infrastructure facility (road, toll road, bridge, rail system, highway project, water supply, irrigation, sanitation, sewerage, solid waste, port, airport, inland waterway)	Operation and maintenance on or after 01/04/1995 and before 01/04/2017	100% of profits for 10 consecutive years
Telecom services (basic, cellular, radio paging, satellite, trunking, broadband, internet)	01/04/1995 to 31/03/2005	100% for the first 5 years and 30% for the next 5
Industrial park or SEZ notified by the Central Government	01/04/1997 to 31/03/2006 (industrial parks to 31/03/2011)	100% for 10 consecutive years
Power generation, or generation and distribution	01/04/1993 to 31/03/2017	100% for 10 consecutive years
New transmission or distribution network	01/04/1999 to 31/03/2017	100% for 10 consecutive years, on profits from the new lines only
Substantial renovation and modernisation of an existing network (at least 50% increase in plant and machinery)	01/04/2004 to 31/03/2017	100% for 10 consecutive years
Revival of a power generating plant by a notified Indian company formed before 30/11/2005	Begins generating, transmitting or distributing before 31/03/2011	100% for 10 consecutive years

Which 10 years?

The assessee can choose any 10 consecutive years out of the first 15 years, counted from the year the undertaking starts. For infrastructure facilities that are roads, bridges, rail systems, highway projects, or water supply, irrigation, sanitation, sewerage and solid waste projects, the window is 20 years. Ports, airports and inland waterways keep the 15 year window.

Because of the start-date cut offs, the last possible year of a claim is, at the latest, FY 2035-36 for the 20 year infrastructure category and FY 2030-31 for other infrastructure and power generation. Telecom, SEZ, industrial park and power plant revival claims have run out.

Conditions

- **Infrastructure:** the enterprise must be owned by a company registered in India, a consortium of such companies, or a body set up under a Central or State Act. It must have an agreement with the Central or State Government, a local authority or a statutory body to develop, or operate and maintain, a new facility.
- **Telecom and power:** the undertaking must not be formed by splitting up or reconstructing an existing business, and must not be formed by transferring used plant or machinery to the new business. Used machinery up to 20% of the total value of machinery does not count against this.

- **Profits:** for working out the deduction, the eligible business is treated as the only source of income of the assessee in its first year and in each later year. The deduction cannot exceed the profits of the eligible business.
- **Audit:** the accounts of the undertaking must be audited and the audit report furnished in the prescribed form. That is Form 10CCB up to FY 2025-26, and Form 32 (Rule 66) under the Income-tax Rules, 2026 from 01/04/2026.

Which tax regime?

- An individual, HUF, AOP, BOI or artificial juridical person can claim it only in the old regime. The new regime (section 202 of the 2025 Act) removes it.
- A company can claim it only if it pays tax under the normal provisions. The 22% and 15% regimes (sections 200 and 201 of the 2025 Act) keep only sections 146 and 148 from the deduction chapter.
- A co-operative society under the concessional rate (section 203) also cannot claim it.

Why not a “Section 80TTB” or “80IA form”?

Some older write-ups tell industrial park developers to follow “Section 80TTB” and to file an “80IA form”. Both are wrong. Section 80TTB is the senior citizen interest deduction, and there is no form called an 80IA form; the audit report is the form named above.

Frequently asked questions

Can a new infrastructure project claim section 80IA today?

No. The section does not apply to an enterprise that starts developing or operating the infrastructure facility on or after 01/04/2017. Power generation and transmission had to start by 31/03/2017 as well.

How long does the deduction last?

100% of eligible profits for any 10 consecutive years out of the first 15 years (20 years for roads, bridges, rail systems, highway projects and water and sanitation projects), counted from the year the undertaking starts.

What happens from Tax Year 2026-27?

Section 138 of the Income-tax Act, 2025 lets an eligible undertaking keep claiming, with the deduction calculated and limited to the years that section 80-IA would have allowed.

Is it available in the new tax regime?

No. The new regime for individuals and others (section 202) and the 22% and 15% company regimes (sections 200 and 201) bar this deduction.

Which audit report is needed?

Form 10CCB up to FY 2025-26, and Form 32 (Rule 66) under the Income-tax Rules, 2026 from 01/04/2026.

Official sources

- Income Tax Department: Section 80-IA, Income-tax Act 1961
- Income Tax Department: Income-tax Act 2025 as amended by Finance Act 2026 (sections 138, 200 to 203)
- Income Tax Department: Income-tax Rules, 2026 (Rule 66 and Form 32)

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