

HEALTH AND EDUCATION CESS' NOT ALLOWED AS BUSINESS EXPENDITURE

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- **HEALTH AND EDUCATION CESS IS IMPOSED AS AN ADDITIONAL SURCHARGE ON THE TAXPAYER FOR FUNDING SPECIFIC GOVERNMENT WELFARE PROGRAMMES.**

'Health and Education Cess' is not allowed as business expenditure. This was clarified by Smt Nirmala Sitharaman, Union Minister of Finance while presenting the Union Budget in the Parliament today.

The Union Finance Minister stated that the income-tax is not an allowable expenditure for computation of business income. This includes tax as well as surcharges.

The 'Health and Education Cess' is imposed as an additional surcharge on the taxpayer for funding specific government welfare programs, she explained. Noting that some courts have allowed 'Health and Education Cess' as business expenditure, which is against the legislative intent, the Union Finance Minister reiterated that any surcharge or cess on income and profits is not allowable as business expenditure.