

POLICY OF GOVERNMENT

STRUCTURED PACKAGE OF ASSISTANCE

Govt. of Tamil Nadu have announced "Tamil Nadu Industrial Policy 2014" (TNIP 2014) in continuation of New Industrial Policy 2003 and 2007 offering various financial incentives under Structured Package of Assistance Scheme in order to attract large investments into our State and southern districts in particular.

Govt. of Tamil Nadu have nominated SIPCOT as Nodal Agency for the Structured Package of Assistance which is being extended for establishing new manufacturing facilities and expansion projects with large investments in Tamil Nadu.

The Structured Package of Assistance, interalia, consists of the following tax related incentives / major concessions.

- Investment Promotion Soft Loan (against the VAT + CST paid to Govt.)
- Investment Promotion Subsidy (against the VAT + CST paid to Govt.)
- Back ended Capital subsidy.
- Critical Infrastructure Subsidy (Effluent Treatment Plant Subsidy).
- Any other incentives as directed in GOs.

Under TNIP 2014, the districts in Tamilnadu are categorized into three types i.e., "A" Districts (Chennai, Tiruvallur and Kancheepuram) "B" Districts (20 other Districts) and "C" Districts (9 southern Districts viz. Madurai, Theni, Dindugul, Sivagangai, Ramanathapuram, Virudhunagar, Tirunelveli, Thuthukudi and Kanyakumari).

The industries were categorized according to investment under this policy viz. Mega, Super Mega "A", Super Mega "B" and Ultramega with investment range from Rs.200 crores to Rs.5000 crores.

Creation of employment also linked to the investment level and it ranges from 100 persons to 700 persons and the investment period ranges from 3 years to 7 years.

I. Tax related incentives.

Sl. No.	Category	A Districts	B Districts	Fiscal Incentives
		Investment Range / Creation of employment / Investment period	Investment Range / Creation of employment / Investment period	Tax related incentives / availability period / Cap (% of investment made in Eligible Fixed Assets (EFA))
01	Mega Projects	Rs. 500 – 1500 Crores. 300 persons 3 years.	Rs. 350 - 1000 Crores. 200 persons 3 years.	Refund of Net output VAT + CST for 10 Years Cap: 80% in EFA for New Projects and 70% in EFA with applicability of Base Volume Principle and sliding scale for Expansion Projects.
02	Super Mega - A	Rs. 1500 – 3000 Crores. 400 persons 5 Years	Rs. 1000 - 2000 Crores. 300 persons years	Refund of Net output VAT + CST for 12 Years Cap : 90% in EFA for New Projects and 80% in EFA with applicability of Base Volume Principle and sliding scale for Expansion Projects. Refund of VAT paid on capital goods during the investment period and it will be included in the cap.
03	Super Mega - B	Rs. 3000 – 5000 Crores. 600 Persons	Rs. 2000 – 4000 Crores. 500 Persons	Refund of Net output VAT + CST for 14 Years Cap :

		6 Years	6 Years	<p>100% in EFA for New Projects and</p> <p>80% in EFA with applicability of Base Volume Principle and sliding scale for Expansion Projects.</p> <p>Refund of VAT paid on capital goods during the investment period and it will be included in the cap.</p>
04	Ultra Mega	<p>Above 5000 Crores.</p> <p>700 Persons</p> <p>7 Years</p>	<p>Above 4000 Crores.</p> <p>600 Persons</p> <p>7 Years</p>	<p>Refund of Gross output VAT + CST for 16 Years or 100% of EFA whichever is earlier.</p> <p>Refund of Input VAT as Investment Promotion Subsidy for period concurrent with period of output VAT + CST refund or Soft Loan.</p> <p>Refund of VAT paid on Capital Goods and tax paid on Works Contract during investment period will be given as subsidy and these will be included for the ceiling fixed for Gross Output VAT+CST.</p> <p>For the expansion project the Cap will be 80% in EFA with applicability of Base Volume Principle and sliding scale..</p>

The refund of VAT + CST will be in the form of Investment Promotion Subsidy (IPS) or Soft Loan from the date of commencement of commercial production.

Incentive for additional employment generation:

Additional 10% output VAT + CST will be given as Investment Promotion Subsidy or Soft Loan to the investors if they double the committed employment levels within the investment period which is capped to the investment made in the EFA during investment period. This additional incentive will be applicable for “B” and “C” Districts.

II. Special package for southern districts (C Districts):

(i) Tax related:

Sl. No.	Category	Investment Range (Rs. in Crs.)	Employment creation (in nos.)	Investment years	
01	Mega Projects	200 - 500	100	4	Refund of Net output VAT + CST for 10 Years Cap: 100% in EFA for New Projects and 100% in EFA with applicability of Base Volume Principle and no sliding scale for Expansion Projects.
02	Super Mega - A	500 - 1500	250	5	Refund of Net output VAT + CST for 12 Years Cap: 100% in EFA for New Projects and 100% in EFA with applicability of Base Volume Principle and no sliding scale for Expansion Projects. Refund of VAT paid on capital goods will be given as subsidy during the investment period
03	Super Mega - B	1500-3000	350	6	Refund of Net output VAT + CST for 14 Years Cap: 100% in EFA for New Projects and 100% in EFA with applicability of Base Volume Principle and no sliding scale for Expansion Projects. Refund of VAT paid on capital

					goods will be given as subsidy during the investment period
04	Ultra Mega	Above 3000	500	7	<p>Refund of Gross output VAT + CST for 16 Years or till the availment reaches 100% EFA whichever is earlier.</p> <p>Refund of Input VAT as IPS for a period concurrent with the period of Output VAT / CST refund or soft loan</p> <p>Refund of VAT paid on capital goods and Works Contract will be given as subsidy during the investment period</p> <p>Cap: 100% in EFA with applicability of Base Volume Principle and no sliding scale for Expansion Projects.</p>

Investment made below Rs.200 crores are also eligible for VAT related incentives:

Sl.No	Investment within 3 years	Soft loan given would be equal to VAT paid in the
01	Rs. 50 – 100 Crores	First 3 years from the date of commencement of commercial production
02	Rs.100 – 200 Crores	First 4 years from the date of commencement of commercial production

III. Employment based package of incentives

Major projects in Chennai, Tiruvallur and Kancheepuram Districts and employing more than 1500 persons directly and 750 persons directly in rest of the Districts will be covered under this package. 75% of the direct jobs should be provided to the people belonging to Tamilnadu. Soft Loan will be given for the first 5 years and it will be repayable after 7 years. Investing company can choose either the investment based package or employment based package. In case of soft loan,

the cap will be the one fixed for the respective categories/class. In case of Investment Promotion Subsidy the cap will be half of the one fixed for the respective category / class.

IV. Capital Subsidy

Irrespective of the location of the project, New and Expansion manufacturing units are eligible. .

Investment in Eligible Fixed Assets within the investment period (Rs. in Crores)	Direct Employment (in numbers)	Capital Subsidy (Rs. in Crores)
5 - 50	100	0.30
50 - 100	200	0.60
100 - 200	300	1.00
200 – 500	400	1.50
500 - 1500	600	1.75
1500 – 3000	800	2.00
3000 and above	1000	2.25

- New or expansion units located within SIPCOT Industrial Parks in A & B districts will be provided additional capital subsidy of 50% over above the eligible limit.
- New or expansion units located outside SIPCOT Industrial Parks in B & C districts will be provided additional capital subsidy of 10% and 25% respectively over above the eligible limit

V. ETP Subsidy:

Dedicated Effluent Treatment Plant (ETP) and / or Hazardous Waste Treatment Storage and Disposal Facility (HWTSDF) set up would be eligible Environment Protection Infrastructure Subsidy of Rs.30 lakhs or 25% of capital cost of ETP / HWTSDF, whichever is less.

INELIGIBLE INDUSTRIES FOR INCENTIVES:

1.Sugar mills, 2. Edible Oil Industries, 3. Rice, Wheat and Flour Mills, 4. Mineral Water and Aerated Soft Drinks, 5. Alcoholic Beverages, 6. Fertiliser and animal feed manufacture, 7. Mining and beneficiation, 8. Steel re-rolling, Steel fabrication, Stainless steel utensils, 9. Tobacco Processing, cigarette, or Beedi mfr. 10. Timber and Wood Processing, 11. Servicing and repair facilities, 12 Service Sector, 13. Cement Industry, 14. Power Generation Projects and 15. Any other industries as may be notified by Govt. from time to time.
