



ABSTRACT

Industries - Sales Tax / VAT exemption of tax and other concessions for MoU Projects under VAT scheme - orders - issued.

Industries (MIF1) Department

G.O. (Ms.) No. 80

Dated : 26.3.2008

ORDER:

Tamil Nadu Value Added Tax Act 2006. (Tamil Nadu Act No.32 of 2006) has come into force with effect from the first day of January 2007. Certain companies who have executed MoUs with the Government of Tamil Nadu have requested the Government to issue notification, so as to enable to get refund / soft loan against the taxes paid by them for the period from January 2007 till date. It is necessary to formulate a mechanism to operate the Tax incentive package in the VAT regime. The Government of Tamil Nadu has also formulated New Industrial Policy, 2007 and the same was announced by Hon'ble Chief Minister on 5.11.2007.

2. The issues relating to operating sales tax / VAT incentives and other concessions for MoU Projects under VAT scheme were examined by the Government.

3. The Government, after careful examination, order as follows :-

- a) To make the existing schemes of incentives to the Industry compatible with VAT regime, wherever, the unit was availing exemption or waiver the unit would be paid an Investment promotion subsidy equivalent to the amount of VAT paid subject to sliding scale and other conditions, wherever applicable. Similarly, wherever the unit was availing deferral under the scheme the unit would be paid Investment Promotion soft loan equivalent to the amount of VAT paid subject to sliding scale and other conditions, wherever applicable. These payments will be made from the budget of Industries Department.
- b) Formation of a cell especially for the purpose of collecting the taxes and issuing necessary certificates for refund and soft loan for MOU companies. The cell will consist of one Deputy Commissioner, one Assistant Commissioner, two Commercial Taxes Officers and three system Operators. The cell would operate in SIPCOT and the officials would be under the control of Commissioner of Commercial Taxes.
- c) Necessary certificate for making refund and soft loan to the MOU Companies will be issued by this cell, after receiving tax from MOU companies.
- d) The refund and soft loan will be made by SIPCOT on the basis of the certificates issued by the above mentioned cell, after applying the terms and conditions as given in the MoU or the G.O sanctioning the structural package.
- e) Necessary Budgetary provision would be made under Industries Head of Account. The Director of Industries and Commerce will draw the money and place it at the disposal of CMD, SIPCOT. CMD, SIPCOT would assess the

requirement in advance and intimate this to Director of Industries and Commerce.

- f) For this special kind of work, SIPCOT also would require personnel.
 - g) The cost of establishment in respect of the Additional Staff to be appointed by the Commercial Taxes Department and SIPCOT and rentals, if any, will be borne by Government.
 - h) The Additional Staff in respect of the Commercial Taxes Department and SIPCOT will be accommodated in the same location, so as to quicken the process of getting the necessary eligibility certificates and making refunds.
 - i) The Special Cell which is meant for dealing with the above matter will be housed, if feasible, in SIPCOT complex or some other area taking into consideration the convenience of the MOU companies.
 - j) The funds required for the additional staff mentioned above will be provided in Final Supplementary Estimate / Final Modified appropriation.
4. The above mechanism will be reviewed after a reasonable period i.e. one year. The proposed process mentioned at para 3 above will be operationalized immediately.

(BY ORDER OF THE GOVERNOR)

M.F. FAROOQUI
SECRETARY TO GOVERNMENT

To
The Secretary to Government
Commercial Taxes Department, Chennai - 9.
The Commissioner of Commercial Taxes, Chepauk, Chennai - 5.
Chairman and Managing Director, SIPCOT, Chennai - 8.
The Special Secretary to Government,
Finance Department, Chennai - 9.
The Director, Guidance, Chennai - 8.
The IC & DI & C, Chennai - 5.
Copy to
Finance Department, Chennai - 9.
Industries (OPII) Department, Chennai - 9.
SF/SC.

//Forwarded by order//


Section Officer.