



INDUSTRIES (J) DEPARTMENT

**G.O. (Ms.) No. 17/92/Fin., Thiruvananthapuram,
dated, 24th January 1992**

Abstract.- Industries-Tax and Duty Concession for Industrial Unites announced in the Statement of Industrial Policy-Orders issued.

Read.- 1. G.O. (P) No. 119/91/ID, dated 22nd October 1991.
2. G.O. (Rt.) No. 717/91/ID, dated 1st November 1991.

ORDER

In accordance with the policy decision included in the G.O. read first above, Government are pleased to order that the following tax concessions will be available to new industrial units starting commercial production on or after 23 September 1991.

- (a) New unites will be exempted from all connected State taxes for the first seven years from the date of commencement of commercial production. The exemption will, however, not be applicable to taxes due to local bodies such as property tax, profession tax, etc.
- (b) So far as sales tax and turnover tax are concerned the exemption will be available for seven years from the date of commencement of commercial production, subject to a ceiling of 100 per cent of fixed capital investment. In the alternative, units in the medium and large scale sectors can opt for deferment of sales tax for ten years from the date of commencement of commercial production subject to the same ceiling.
- (c) Those units which opt for deferment may remit the accumulated sales tax and turnover tax over a period of five years. There will be no interest on the tax accumulation for the first ten years. However, from the eleventh year onwards, simple interest at the rate of 15 per cent will be charged. For defaulted amounts, there will be additional penal interest of 2 per cent per year.
- (d) New units in the small scale sector will have the option to deposit the tax with the Government in the "TAX FOR GROWTH FUND" on which orders have been issued in the G.O. read second above.

- (e) Existing industrial units undertaking expansion or modernisation on or after 23 September, 1991 will also have the option mentioned in (b) and (c) above, in respect of the additional capacity created, subject to a ceiling of 100 per cent of the additional fixed capital investment made for such expansion or modernisation. Exemption for units undertaking diversification will be decided on a case-to-case basis, taking into account the quantum of additional investment and creation of additional production capacity.

For the purpose of availing sales tax exemption, expansion/modernisation are defined as follows:

- (i) Expansion will mean additional investment in fixed assets of not less than 10 percent of Gross Block as on the last day of the previous financial year and minimum 10 percent increase in installed capacity compared to that of the previous year.
- (ii) Modernisation will mean additional investment of not less than 10 percent in fixed assets compared to Gross Block as on the last day of the previous financial year. (“Gross Block” would here mean the total investment in fixed assets from inception till date without deducting depreciation).

In respect of units undertaking modernisation/expansion, sales tax and turnover tax exemption will be available only for that portion of the produce which is attributable to such modernisation/expansion. Sales tax exemption will therefore be given only for such productions in excess of full rated capacity of the unit prevailing immediately prior to such modernisation/expansion.

- (f) For inter-state made by new large and medium industrial units, Central Sales tax will be 2 percent for the first seven years.
- (g) For all products manufacture by industrial units in the State (excluding petroleum products) for sale to the following departments and agencies, sales tax will be 4 per cent unless a lower rate is applicable in respect of any particular products.

Railways

Kerala State Electricity Board

Kerala Water Authority

Kerala State Road Transport Corporation

Local Bodies

Universities

National Thermal Power Corporation

Kerala Inland Navigation and Shipping Corporation

Other Agencies notified by Government from time to time

- (h) K.S.I.D.C. and K.F.C. are authorised to certify eligibility for exemption in respect of units assisted by them. In respect of other units, the authority to certify eligibility will

be the Director of Industries and Commerce as regards medium and large units and the General Manager, District Industries Centre as regards small scale units. Exemption orders will be issued by the Deputy Commissioner of Sales Tax in the districts in respect of small scale units and the Secretary, Board of Revenue (Taxes), in respect of medium and large scale units. Since exemption takes effect from the date of commencement of commercial production the authority certifying eligibility also certify the date of commencement of commercial production.

New industrial units will not be liable for assessment of Sales Tax for the first six months after commencement of commercial production. This facility is being given to provide for the time that will be taken for the issue of formal exemption orders.

- (i) The sales Tax concessions announced for rubber based industries in G.O. (Ms.) No. 124/88/ID, dated 31 August 1988 will continue.
- (j) The concessions in CST for aluminium extrusions, electronic goods and power tillers announced in G.O. (P) No. 124/91/ID, dated 31 July 1991 will also continue.
- (k) Other existing concession, if any, over and above those mentioned above, will also continue.

These concessions, will not be available to State Public Sector Units. With regard to Central Public Sector Units, the concessions, if needed will be extended on a case-to-case basis after due consideration by the Industries and Taxes Departments.

The notification necessary for the statutory validation of the above orders will be issued separately by the Taxes Department.

(By order of the Governor)

S. PADMAKUMAR
Chief Secretary to Government

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