PART III

GOVERNMENT OF PUNJAB

DEPARTMENT OF EXCISE AND TAXATION

NOTIFICATION

The 18th November, 2015

No. G.S.R.60/P.A.8/2005/Ss.8, 8-E and 70/Amd.(2)/2015.- In partial modification of the Government of Punjab, Department of Excise and Taxation, Notification No. G.S.R.63/P.A.8/2005/Ss. 8, 8-E and 70/2013, dated the 6th December, 2013, and in exercise of the powers conferred by section 70 read with section 8, 8-E of the Punjab Value Added Tax Act, 2005 (Punjab Act No. 8 of 2005), and all other powers enabling him in this behalf, the Governor of Punjab is pleased to make the following rules further to amend the Punjab Value Added Tax (Incentives) Rules, 2013, namely:-

RULES

1. (1) These rules may be called the Punjab Value Added Tax (Incentives) Amendment Rules, 2015.

(2) They shall come into force and on with effect from the date of their publication in the Official Gazette.

2. In the Punjab Value Added Tax (Incentives) Rules, 2013 (hereinafter referred to as the said rules), for the words "Industrial Policy of 2013", wherever occurring, the words "Fiscal Incentives for Industrial Promotion- 2013" shall be substituted.

3. In the said rules, in rule 2,-

(i) for clause (h), the following clauses shall be substituted, namely:-

"(h) 'eligible unit" means,-

(a) in the case of a new unit, -

a unit, which has been or has to be set up at a new site. An existing enterprise which sets a new unit, shall be eligible for incentive only then if it sets such new unit, at an independent, distinct or separate site, may be within the same premises;

(b) in the case of expansion project, -

an expansion project means a unit in an eligible area satisfying the following conditions namely:-

(1) There shall be a minimum 50% increase in the Fixed Capital Investment (original value without depreciation) for all projects with original investment of Rs. 100 crore or less subject to the condition that the minimum increase in the Fixed Capital Investment would be Rs. 1 crore.

(2) For projects with original investment above Rs. 100 crore, the minimum increase in Fixed Capital Investment shall be 25% subject to a minimum limit of Rs. 50 crore; and

(3) Such expansion shall have to be carried out after the cutoff date of 01.04.2013 meaning thereby that the unit shall make the requisite investments only after 01.04.2013 as expansion of the existing project;

(hh) "Health Sector Units" means hospitals, polyclinics, diagnostic centres, hospitals attached with the medical colleges and medical research institutions;";

(ii) in clause (j), for the words "an industrial unit" and "industrial", the words "an industrial, tourism and health sector unit" and "such" shall, respectively, be substituted;

(iii) clause (r) shall be omitted;

(iv) in clause (t), the words "and goods" shall be omitted; and

(v) after clause (w), the following clause shall be inserted, namely:-

"(ww) "Tourism Units" shall mean hotels, MICE, heritage hotels, hotel-cum-spa, resort-cum-spa, new tourism projects, green hotels, special tourist units (farmhouses, bread and breakfast, tented accommodation, guest house), eco-tourism units and entertainment infrastructure as regulated by the Department of Tourism under the Tourism Industries Promotion Policy, which shall be eligible for availing incentives in accordance with the Fiscal Incentives for Industrial Promotion-2013;"

3. In the said rules, in rule 3,-

(i) in sub-rule (2), for the words "its production" and "into production", the words "its production or commercial operations" and "into production or running condition" shall, respectively, be substituted;

(ii) in sub-rule (4), for the word "goods", the word "units" shall be substituted;

(iii) after sub-rule (5), the following sub-rule shall be inserted, namely:-

"(5-A) The tax incentives shall be available to a health sector unit on account of tax payable on deemed sales of implants, artificial limbs or other items used on indoor patients:

Provided that no incentive shall be permissible on re-sale of medicines or other medical items to indoor or outdoor patients."; and

(iv) in sub-rule (7), for the words "the production in the unit", the words "the production in the unit or health sector unit or tourism unit, as the case may be" shall be substituted; and

(v) after sub-rule (7), in the Explanation, for the words "existing unit", the words "existing unit, tourism unit or health sector unit, as the case may be" shall be substituted.

3. In the said rules, after rule 3, the following rule shall be inserted, namely:-

"3-A. Conditions for eligibility, entitlement. -These incentives shall be admissible to an 'eligible unit' in relation to an expansion project subject to the following conditions, namely:-

(1) These incentives shall not be available to the units specified in the Negative List given at Annexure 'A'.

(2) These incentives shall be admissible to an expansion project, which falls in an eligible area and in respect of which an Eligibility Certificate has been granted by the competent authority.

(3) The maximum time period and maximum cumulative amount of incentive available for different kinds of industries and with different amounts of investment shall be as per the restrictions and tables referred to in rule 4.

(4) If any false declaration is given for the purpose of availing incentives or if any incentives are availed for which the unit was not eligible, the amount of incentives are liable to be recovered from the date of availing of such incentives alongwith interest compounded annually @ 18% per annum.

(5) Government of India is in the process of introducing a uniform Goods and Services Tax (GST) regime throughout the country. In this event the benefits related to CST/VAT incentives granted or being availed would be suitably modified by the State Government in conformity with the Goods and Services Tax regime."

4. In the said rules, in rule 4,-

(i) in the Table, after item (vi), the following items shall be inserted, namely:-

"(vii) Incentives for Tourism Industries:

Categorization based on investment slab	Category-1 FCI Rs. 10 cr to Rs. 25 cr	Category-2 FCI above Rs. 25 cr to Rs. 50 cr	Category-3 FCI above Rs. 50 cr to Rs. 100 cr	Category-4 FCI above Rs. 100 cr
VAT/CST	40%	50%	60%	75%
Eligibility period in years	5	7	8	10

(viii) Incentives for Health Sector Units:

Investment Category	Category-1	Category-2	Category-3
Zone-1	From 5 cr up to 10 cr	More than 10 cr up to 50 cr	More than 50 cr
Zone-2	From 25 cr up to 50 cr	More than 50 cr up to 100 cr	More than 100 cr

Investment Category	Category-1	Category-2	Category-3
Zone-1	45%	60%	75%
Zone-2	40%	50%	60%

Period of Incentives

Investment Category	Category-1	Category-2	Category-3
Zone-1	6 years	8 years	10 years
Zone-2	6 years	7 years	7 years"; and

(ii) after sub-rule (2), the following sub-rules shall be inserted, namely:-

"(3) The green hotels shall avail extra Value Added Tax or Central Sales Tax incentives in addition to the benefits admissible under different slabs in the category of investments, but shall not exceed the maximum available incentives under category-4 (i.e. above Rs. 100 Crore FCI).

(4) The expansion project in an eligible area shall be entitled to the incentives under sub-rule (1) on the enhanced or additional production only at half the rate meant for new unit specified above, and a separate account of enhanced or additional production resulting from such expansion shall mandatorily be maintained.

EXPLANATION: 'Enhanced or additional production' in relation to an expansion project shall mean production over and above either the installed capacity or actual production before such expansion, whichever is more.

ILLUSTRATIONS

1. If the date of commencement of incentive for the eligible unit is 01.04.2014 and the unit before expansion is having an average quarterly production of 100,000 units of the product over the last 2 years and the installed quarterly capacity is 90,000 units of the product. If such a unit, after expansion, produces 1, 20, 000 units per quarter, then the enhanced or additional production in the quarter will be taken as 20, 000 units of the product.

2. If the date of commencement of incentive for the eligible unit is 01.04.2014 and the unit before expansion is having an quarterly production of 100,000 units of the product over the last 2 years and the installed quarterly capacity is 1, 10, 000 units of the product.

If such a unit, after expansion, produces 1, 20, 000 units per quarter, then the enhanced or additional production in the quarter will be taken as 10,000 units of the product."

5. In the said rules, in rule 5, -

   (i) in sub-rule (1), for the words and sign "refer the matter to the Interdepartmental Committee, constituted by the State Government, for the purpose of determination of Fixed Capital Investment.", the words "determine the actual Fixed Capital Investment after taking into account the Project Appraisal Report of the Bank or Financial Institution, certificate of Chartered Accountant, invoices of purchase of capital goods and the industrial norms, as the case may be, regarding the capital investment." shall be substituted; and

   (ii) sub-rule (2) shall be omitted.

6. The Punjab Value Added Tax (Incentives for exemption projects) Rules, 2015 shall be repealed.

ANURAG AGARWAL,
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Government of Punjab, Department of
Excise and Taxation.

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