

INDIRECT TAX

Investment Subsidy Scheme in lieu of SGST for the State of Haryana

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Industries and Commerce Department, Government of Haryana has recently issued Notification No. 25/05/2020-4IB-I dated 29 July 2021 to formulate a scheme for grant of "Investment Subsidy in lieu of Net SGST".

Salient features of the scheme:

- **Effective date of commencement of scheme:** Effective date of commencement of the scheme is 1 January 2021. The unit eligible to avail the benefit should:
 - (a) commence the **commercial production** on or after 1 January 2021; or,
 - (b) take the **effective step** for establishment of industrial unit before 31 December 2025 and commence its commercial production before 31 December 2027 or in case of Mega Projects having special package of incentives before 31 December 2028.
- **Incentive:** Units entitled for the benefit will receive incentive equivalent to the specified percentages (ranging from 15% to 100%) of **Net SGST** (i.e. SGST amount paid through cash ledger to discharge output SGST liability), subject to maximum quantum of prescribed percentage of **Fixed capital investment**.
- The quantum of incentive varies as per the segment (Micro, Small, Medium, Large, Mega projects, Service sector enterprise etc.) and as per the location of the project (**Blocks**).
- Quantum of incentive is higher for the identified thrust sectors.
- Incentive is also available for Mega project having inverted duty structure with ceiling of INR 5 crore.



- **Key eligibility criteria to avail the benefit of scheme:**

- **Ultra, Mega and Large:** To file IEM with Department for Promotion of Industry and Internal Trade, GOI
- **MSMEs:** To file Udyam Registration Certificate (URC) and Haryana Udhyaam Memorandum (HUM) on the portal for statistical purpose, at any stage.
- New unit is required to take separate registration under GST.
- Unit to obtain NOC / CLU from competent Authority, if applicable.
- Unit should be in regular production at the time of disbursement. Subsidy not to be released to the closed unit.
- W.r.t to expanded / diversified unit:
If separate registration taken: Existing unit need to maintain an average sales turnover of past three years or lesser period, if the existing unit is in operation for less than three years, as the case may be.

If separate registration is not feasible: Existing unit need to maintain turnover equivalent to highest turnover in past three years.
- Only eligible products shall be manufactured by the unit.

- **Benefit under the scheme is not available if:**

- Any other business is conducted from the registration under which the scheme is availed.
- Unit is placed in the restrictive list as notified by the State government from time to time.
- Unit disposes / transfer fixed assets which adversely affects manufacturing or production capacity of a unit.
- Unit remains out of production exceeding 6 months except beyond its control (Fire, Strike, Earthquake and any other natural calamity) – benefit not available for the said financial year.

- **Time limit for filing of claim:** 3 months from end of FY or date of notification, whichever is later.

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