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Get 75% reimbursement on set up unit in Gujarat - Plastic Policy Gujarat

The Gujarat government has declared revised policy for plastic industry on 6th January, 2017 the Scheme for assistance for plastic industry under Gujarat Industrial Policy 2015 (Government resolution no. MIS-102014-924790-I) (hereinafter referred as Plastic Policy)

Operative period of Plastic Policy: Any unit has acquired assets after 1st January, 2015 to 31st December, 2019 are eligible to apply under this scheme.

Eligible Plastic Industry Enterprise: Industrial unit engaged in manufacturing of plastic products/items/articles by using plastic as main raw materials like LLDPE, LDPE, HDPE, PP, PVC, Nylon, Polyesters, Polystyrene, Polycarbonate, polyamide (nylon 6, nylon 66), etc.

Eligible Fixed Capital investment: investment made in new building, new plant and machinery, equipment and/or imported second hand plant and machinery/ equipment having residual life of minimum five years as certified by chartered Engineer, including cost of installation, erection, transportation, electrification and other related assets (except cost of land stamp duty and registration charges) required for manufacturing of the product.

Quantum of Incentive

- 1 Interest Subsidy:** Interest subsidy @7% per annum out of interest payable on the term loan availed with the maximum amount of Rs. 1 crore per annum for period of 5 years.
- 2 SGST related incentive:**
 - (a) Unit will be allowed reimbursement of 80% of the net SGST paid for 7 years.
 - (b) 75% of eligible fixed capital investment will be considered for reimbursement.

Conditions for availing incentive: An industrial undertaking required to employ persons domiciled in Gujarat to the extent of at least 85% of its total number of employees.

Illustration explaining Interest and SGST refund mechanism

Unit has investment of Rs. 30 crore and taken term loan of Rs. 20 crore @10% p.a., incentives available are as follow:

- **SGST incentive:**

Capital investment	30 crore
Eligible fixed capital investment	30 * 75% = 22.5 crore
eligible refund per year for 7 years	3.21 crore per year

Hence, unit will be eligible to get refund of Rs. 3.21 crore in each year.

- **Interest Incentive:** Interest amount – 20 crore term loan * 7% interest rate = 1.4 crore – maximum eligible interest would be Rs. 1 crore

Now in the above case, if unit has made purchases of Rs. 50 crore and sale in Gujarat of Rs. 95 crore. In such case, SGST paid on purchase @9% will be Rs. 4.5 crore and SGST payable @9% will be Rs. 8.55 crore on sale. In such case, refund calculation will be as follow:

SGST refund	Amount (in crore)
(A) SGST on sale	Rs. 8.55
(B) SGST on purchase	Rs. 4.50
(C) SGST Paid (A-B)	Rs. 4.05
SGST eligibility 80% of (C)	Rs. 3.24
Maximum refund eligible	Rs. 3.21

Hence, total SGST eligible for refund will be Rs. 3.21 crore and Interest eligible for refund will be Rs. 1 crore.

For compliance and advisory services AIPMA members may contact directly to CA Pathik Shah on Email: shahpathik123@gmail.com or Tel: 9870148084