Tamil Nadu

Fiscal Incentives, Exemptions & Subsidies

Incentives for manufacturing sector

Manufacturing units will be eligible for incentives under this Policy.

New manufacturing facilities set up in any district other than Chennai, Thiruvallur and Kanchipuram with an investment in eligible fixed assets of over Rs 250 crores in a period of 3 years would be eligible for a structured package of incentives to be decided on a case-to- case basis, with due weight to investment, employment and potential for attracting further investment through vendors and ancillaries. In case of Chennai, Thiruvallur and Kanchipuram districts, this minimum investment will be Rs. 350 crores.

New manufacturing facilities set up by an existing company in a new site or in an adjacent vacant site within existing facility for manufacturing a product already being manufactured in the existing unit or an entirely new product, would be treated as a new unit for the purpose of incentives under the policy, subject to the production volume/value in the older unit being preserved.

Expansion projects within the existing manufacturing facility of an industry with an investment in eligible fixed assets of over Rs 250 crores in a period of 3 years would be eligible for a structured package of incentives to be decided on a case-to-case basis, subject to preservation of existing production volume/value, in case of districts other than Kanchipuram, Thiruvallur and Chennai. In case of Chennai, Thiruvallur and Kanchipuram districts, this minimum investment will be Rs 350 crores.

As regards electronic hardware units, the eligibility for structured package of assistance for investments in new and expansion projects will be minimum investment of Rs.250 crores in eligible fixed assets within a period of 3 years in respect of Chennai, Tiruvallur and Kancheepuram districts. The eligibility in respect of other districts will be minimum investment of Rs.150 crores in eligible fixed assets within a period of 3 years.

Existing industrial units in existence in Tamil Nadu for over 10 years will be given suitable extra benefits for expansion projects over and above normal structured package of incentives, subject to investing minimum levels of investment mentioned above.

New or expansion manufacturing facilities with investments in eligible fixed assets over Rs. 1500 crores will be treated as super-mega projects and eligible for incentives over and above the normal structured package of incentives.

A back-ended State Capital Subsidy and Electricity tax exemption on power purchased from TNEB or generated and consumed from captive sources would be sanctioned for all manufacturing units, based on employment and investment in eligible fixed assets made within 3 years, irrespective of location, as below:

- New Units investing between Rs 5 crores and Rs 50 crores and employing more than 100 direct workers would be eligible for a capital subsidy of
- Rs 30 lakhs and electricity tax exemption for 2 years from the date of commercial production;
- New Units investing between Rs 50 crores and Rs 100 crores,
- and employing more than 200 direct workers would be eligible for a capital subsidy
- of Rs. 60 lakhs and electricity tax exemption for 3 years from the date of commercial production;
- New Units investing between Rs 100 crores and Rs 200 crores and employing direct workers would be eligible for capital subsidy of Rs 100 lakhs and electricity tax exemption for 4 years from the date of commercial production;
- New as well as Expansion Units investing Rs 200 crores and above and employing more than 400 direct workers would be eligible for a capital subsidy of Rs 1.50 crore and electricity tax exemption for 5 years from the date of commercial production.

- Manufacturing units located within a SIPCOT industrial park or SIPCOT SEZ will be provided an additional 50% capital subsidy over and above the eligible limit.

- There will be no stamp duty levied in respect of transfer of lands acquired by Government or alienated by Government to State Agencies or their subsidiaries for promotion of industrial parks.

- Stamp duty exemption on lease or purchase of land meant for industrial use to the extent of 50% would be available for all manufacturing industries setting up new or expansion units with an investment in eligible fixed assets of more than Rs 5 crores in private industrial parks conforming to specifications mentioned in Annexe-A and approved by Government.

- Manufacturing units setup in SIPCOT industrial parks would be eligible for 50% exemption from stamp duty on lease or sale of land meant for industrial use as well as on lease of new ready built factory buildings irrespective of location.

- For computation of stamp duty, property in such industrial parks would be valued at actual land or building value paid by the manufacturing unit to such industrial park. Dedicated Effluent Treatment Plants(ETP) and/or Hazardous Treatment Storage and Disposal Facility(HWTSDF) set up by individual manufacturing units would be eligible for an Environment Protection Infrastructure subsidy of Rs 30 lakhs or 25% of capital cost of setting up such ETP/HWTSDF, which ever is less.

Incentives for the Infrastructure Sector

Recognising the need for industrial infrastructure, development of certain categories of industrial infrastructure would be incentivised.
Developers investing in such industrial infrastructure projects would apply to the State Government for being notified as an approved industrial infrastructure project for purposes of receiving incentives herein.
An *Industrial Infrastructure Subsidy* of Rs 2 crores would be given for approved infrastructure projects involving investment of Rs 300 crores in 3 years.
Developers of approved industrial infrastructure projects would be eligible for 100% exemption from entry tax, tax on works contract and input taxes from the date of notifying it as an approved infrastructure project till the project is commissioned.

Incentives

- All incentives available for manufacturing industries under the Industrial Policy would be applicable to agro-industries and manufacturing of agri-machinery and micro-irrigation equipment. Efforts will also be taken to fully utilize the benefits available under the schemes of Government of India as well as enable agro units to access such GoI funding support. All concessions under the State Policy would be available in addition to the concessions offered by Government of India in the agro-processing sector, subject to both Govt, of India and Govt, of Tamil Nadu subsidies not exceeding 50% of project cost.

- Standalone SME cold storages for agro processing will be provided power tariff subsidy of 30%, 20% and 10% in the first, second and third year of commercial operation.
- 100% exemption from payment of Electricity Tax would be provided for all new agro-processing units for a period of 5 years from the date of commercial production.
- SMEs involved in Agro and Food Processing will be provided support for getting HACCP and other international safety related certification for export purposes of at 50% of the cost incurred for obtaining quality certification mark from a certifying agency recognised by State Government/ Central Government, subject to ceiling of Rs. 5.00 lacs.
- Vehicles transporting perishables will be labelled "green transport" and will be given speedy clearances at check posts.
- Primary producers who commit to install micro-irrigation systems will be given priority in provision of free electricity connections. Overriding priority for free electricity connection will be given to small and marginal farmers if they join together to form a cluster of 20 hectares and above and undertake to jointly set up, own and manage the common irrigation systems using micro-irrigation technology.
- Government will give 50% subsidy on planting material for jatropha and other bio-fuel crops and extend the subsidy available to agro-processing industry to bio-fuel and bio-diesel extraction plants. Further, jatropha seed will be exempted from purchase tax and jatropha oil will be exempted from VAT for a period of 10 years from the date of commercial production.