

**OPERATIONAL GUIDELINES ON  
REIMBURSEMENT OF VALUE ADDED TAX (VAT) UNDER IPR- 2015  
(See Para 5.4.5 (a) of IPR 2015)  
(SUITABLY BE REPLACED/ MODIFIED AFTER GST IS INTRODUCED)**

1. **Short Title:** - Operational guidelines for reimbursement of Value Added Tax (VAT) under Industrial Policy Resolution, 2015.
2. **Extent:** -It shall extend to the whole of the State of Odisha.
3. **Commencement:** - It shall come into force from the "Effective Date" of Industrial Policy Resolution, 2015 i. e. 24.08.2015.
4. **Terms and Expressions:** -Terms and expressions used in this operational guideline, but not specifically defined / explained here, shall have the same meaning as in Industrial Policy Resolution-2015.

**5. Definitions / Explanations:-**

**5.1. "Input Tax Credit"**- in relation to any tax period means the setting off of the amount of Input Tax or part thereof under section 20 of the OVAT Act, 2004 by a registered dealer.

**5.2. "Output Tax"**- in relation to any tax period means the tax leviable and payable under OVAT Act, 2004 in respect of sale of any taxable finished goods manufactured by a registered dealer in the course of his business.

**5.3. "Finished products"** shall have the same meaning of "Finished Goods" – as defined in IPR-2015

**5.4. Cost of Plant & Machinery:-**

(a) In calculating the cost of plant & machinery, the original price thereof, irrespective of whether the plant & machinery / additional plant & machinery are new or second hand shall be taken into account excluding, namely:-

- i) the cost of equipment such as tools, jigs, dies, moulds and spare parts for maintenance and the cost of consumable stores,
- ii) the cost of installation of plant & machinery
- iii) the cost of Research & Development equipment and pollution control equipment
- iv) the cost of generation sets, extra transformer, installed
- v) the bank charges and service charges paid
- vi) the cost involved in procurement or installation of cables, wiring, bus bars, electrical control panels (not those mounted on individual machines), oil, circuit breakers / miniature circuit breakers etc which are necessarily to be used for providing electric power to the plant and machinery / safety measures,
- vii) the cost of gas producer plants
- viii) transportation charges (excluding of taxes eg Sales Tax, Excise etc) for indigenous machinery from the place of manufacturing to the site of factory
- ix) charges paid for technical know-how for erection of plant & machinery,

- x) cost of such storage tanks which store raw – materials, finished products only and are not linked with the manufacturing process, and
  - xi) cost of firefighting equipment
  - xii) cost of cylinders for supply of gas
- (b) In case of imported machinery, the following shall be included in calculating the value, namely:-
- (i) import duty (excluding miscellaneous expenses as transportation from the port to the site of factory, demurrage paid at the port),
  - (ii) the shipping charges,
  - (iii) custom clearance charges, and
  - (iv) VAT& CST paid thereon.

## 6. Policy Provisions-

### VAT Reimbursement:-

(i) New Micro, Small & Medium Enterprises shall be eligible for reimbursement of 75% of net VAT paid for a period of five (5) years from the date of commencement of production limited to 100% of cost of Plant and Machinery in a **tapered manner** i.e. 1<sup>st</sup> yr- 30%, 2<sup>nd</sup> yr- 25%, 3<sup>rd</sup> yr- 20%, 4<sup>th</sup> yr-15% & 5<sup>th</sup> yr-10%.

*Provided that the industrial unit not availed 75% of net VAT paid, the excess amount will be carried forward to subsequent year (s) limited to 5 years. In case of non-availment of subsidy in preceding year(s), the threshold limit of the subsequent year will be increased to the extent of non-availment in addition to the limit of the corresponding year.*

(ii) New industrial units in Priority Sector shall be eligible for reimbursement of 100% of net VAT paid for a period of **seven (7) years** from the date of commencement of production limited to **200%** of cost of Plant and Machinery in a **tapered manner** i.e. 1<sup>st</sup> yr- 25%, 2<sup>nd</sup> yr- 20%, 3<sup>rd</sup> yr- 15%, 4<sup>th</sup> yr-15%, 5<sup>th</sup> yr-10%, 6<sup>th</sup> yr-10% & 7<sup>th</sup> yr-5%.

*Provided that the industrial unit not availed 100% of net VAT paid, the excess amount will be carried forward to subsequent year (s) limited to 7 years. In case of non-availment of subsidy in preceding year(s), the threshold limit of the subsequent year will be increased to the extent of non-availment in addition to the limit of the corresponding year.*

(iii) Existing Micro, Small & Medium Enterprises taking up expansion / modernization / diversification as defined in this IPR shall be eligible for 75% reimbursement of net VAT paid for a period of **five (5) years** from the date of commencement of production of such expansion / modernization / diversification subject to condition that it shall be applicable only on increased production over and above the existing installed capacity limited to 100% of additional cost of Plant and Machinery acquired for taking up expansion / modernization / diversification in a **tapered manner** {as per detail provisions made above sub-para (i)}.

(iv) Existing industrial units in Priority Sector taking up expansion / modernization / diversification as defined in this IPR shall be eligible for 100 % reimbursement of net VAT paid for a period of **seven (7) years** from the date of commencement of production of such expansion / modernization / diversification subject to condition that it shall be applicable only on increased production over

and above the existing installed capacity limited to 200% of additional cost of Plant and Machinery acquired for taking up expansion / modernization / diversification in a **tapered manner** {as per detail provisions made above sub-para (ii)}.

(v) New Pioneer Units under each Priority Sector shall be eligible for reimbursement of 100% of net VAT paid for a period of nine (9) years from the date of commencement of production, limited to 200% of the cost of plant & machinery in a **\*tapered manner**.

*\* After availing the subsidy under Priority Sector limiting to 200%, the balance available if any, to be limited to 60% for the 8<sup>th</sup> yr and 40% in 9<sup>th</sup> year. In case of non-availment of subsidy in 8<sup>th</sup> year, the threshold limit of 9<sup>th</sup> year will be increased to the extent of non-availment.*

*\* Provided that, the Pioneer unit not availed reimbursement of net VAT of 200% of Cost of Plant & machinery within 7 years {as per detail provisions made above sub-para (ii)}, the balance amount will be reimbursed in 60% for the 8<sup>th</sup> yr and 40% in 9<sup>th</sup> year. In case of non-availment of subsidy in 8<sup>th</sup> year, the threshold limit of 9<sup>th</sup> year will be increased to the extent of non-availment.*

(vi) Anchor Tenant in each industrial park shall be eligible for reimbursement of 100% of net VAT paid for a period of nine (9) years from the date of commencement of production, limited to 200% of the cost of plant & machinery in a **\*tapered manner**.

*\* After availing the subsidy under Anchor Tenant limiting to 200%, the balance available if any, to be limited to 60% for the 8<sup>th</sup> yr and 40% in 9<sup>th</sup> year. In case of non-availment of subsidy in 8<sup>th</sup> year, the threshold limit of 9<sup>th</sup> year will be increased to the extent of non-availment.*

*\* Provided that, the Anchor Tenant not availed reimbursement of net VAT of 200% of Cost of Plant & machinery within 7 years {as per detail provisions made above sub-para (ii)}, the balance amount will be reimbursed in 60% for the 8<sup>th</sup> yr and 40% in 9<sup>th</sup> year. In case of non-availment of subsidy in 8<sup>th</sup> year, the threshold limit of 9<sup>th</sup> year will be increased to the extent of non-availment.*

**7. Eligibility:** - Industrial units satisfying definition and fall under -

**7.1** New Micro, Small & Medium Enterprises

**7.2** Migrated industrial unit treated as new industrial unit under Micro Enterprise / Small Enterprise /Medium Enterprise.

**7.3** Rehabilitated sick industrial unit treated at par with new industrial unit under Micro Enterprise / Small Enterprise /Medium Enterprise.

**7.4** Industrial unit seized under Section 29 of the State Financial Corporation Act, 1951 / under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and thereafter sold to a new entrepreneur on sale of assets basis and treated as new industrial unit for the purpose of this IPR under Micro Enterprise / Small Enterprise /Medium Enterprise.

**7.5** New industrial unit under Micro Enterprise / Small Enterprise /Medium Enterprise / Large Industries in Priority Sector

**7.6** Migrated industrial unit treated as new industrial unit under Micro Enterprise / Small Enterprise /Medium Enterprise / Large Industries in Priority Sector.

- 7.7 Rehabilitated sick industrial unit treated at par with new industrial unit under Micro Enterprise / Small Enterprise /Medium Enterprise / Large Industries in Priority sector.
- 7.8 Industrial unit seized under Section 29 of the State Financial Corporation Act, 1951 / under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and thereafter sold to a new entrepreneur on sale of assets basis and treated as new industrial unit for the purpose of this IPR and comes under Priority Sector.
- 7.9 New Pioneer Units under each Priority Sector.
- 7.10 Anchor Tenant in each industrial park.
- 7.11 Existing Micro, Small & Medium Enterprises taking up expansion / modernization / diversification as defined in IPR
- 7.12 Existing Micro enterprise / Small enterprise /Medium Enterprise / Large Industries in Priority Sector taking up expansion / modernization / diversification as defined in IPR.

*Note: - The fixed capital investment in case of expansion / modernization / diversification is the additional fixed capital investment for E / M / D over and above the original investment.*

However, defaulters of Banks / Development Financial Institutions / SIDBI / OSFC / IPICOL / Government and Government controlled agencies will be eligible for such incentives only after they clear the dues.

Industrial unit that has availed VAT incentives under any other scheme of the State Govt. or the Central Govt. or Govt. Agencies or any Financial Institution(s) shall be eligible for the differential amount of benefit only.

8. Condonation of Implementation delay by Empowered Committee- Time limit for implementation of the project is three years for MSME and five years for Large Industries. The delay in implementation of the project beyond the control of the Entrepreneur may be condoned on a case to case basis by an Empowered Committee.

If implementation delay has been condoned by the Empowered Committee, copy of such document shall be furnished as in Check list (at Annexure -'B'), **otherwise, request for condonation of such delay may be furnished along with application for VAT Reimbursement with justification.**

#### **9. Time frame for filing application: -**

- 9.1 The eligible Industrial unit shall file Application in prescribed form for reimbursement of VAT within six months from the end of each financial year.
- 9.2 Application in the prescribed form received after the due date / incomplete in any respect shall be liable to be summarily rejected.

#### **10. Procedure:-**

**10.1 Industrial units** satisfying the eligibility shall file application in the prescribed form appended to this operational guideline at Annexure -'A' along with copies of all

relevant documents as mentioned in the Checklist at Annexure -'B' and Undertaking prescribed at Annexure A-1 as per the following category;

- a) **Micro & Small Enterprises** shall file application in duplicate (**Medium Enterprises in triplicate**) with General Manager, RIC / DIC.
- b) **Large Industries** shall file application in **triplicate** with **Managing Director, IPICOL**.

**Copies of the documents as indicated in the checklist shall be self – certified by Proprietor / Managing Partner / Managing Director / Authorized Signatory.**

If the claim for VAT reimbursement is against expansion / modernization / diversification, the industrial unit shall also furnish a statement in Annexure-AA apportioning the net VAT paid after adjustment of the corresponding Input Tax Credit applicable on increased production over and above the existing installed capacity during the period of claim.

Application for reimbursement of the benefit for subsequent years, after 1<sup>st</sup> year / initial year of claim, during the eligible period shall accompany with the documents & valid statutory clearances / approvals only related to the year of claim.

**10.2 Application for Condonation of implementation delay shall be dealt separately. The General Manager, RIC / DIC in case of Micro, Small & Medium Enterprises and Managing Director, IPICOL shall forward the request made by the entrepreneur for condonation of delay with justification to the Director of Industries, Odisha who shall examine and recommend to MSME Department / Industries Department as applicable for placement of the same in the Empowered Committee for consideration.**

**10.3** On receipt of application, the acknowledgement as prescribed at Annexure- 'C' shall be dispatched to the applicant / applicant unit duly signed by the authorized officer / General Manager, RIC / DIC / IPICOL on the day of receipt. General Manager, RIC /DIC / Managing Director, IPICOL may authorize any of his officers for the purpose.

**10.4** Application received for VAT reimbursement and complete in all respect shall be examined by RIC /DIC / IPICOL and processed as below.

(a) RIC / DIC / IPICOL shall transmit one set of application within **3 days** of its receipt to concerned A.C.C.T / D.C.C.T to certify the amount of net tax paid for the tax period in the format prescribed in the body of the application form-Annexure A-2 under intimation to the concerned unit.

(b) At the same time (within **3 days** as mentioned above), RIC / DIC in case of Medium Enterprise / IPICOL in case of Large Industries shall forward one set of application to the Director of Industries, Odisha for processing under intimation to the concerned unit.

(c) Concerned A.C.C.T / D.C.C.T shall furnish necessary certificate in the format as at Annexure A-2 to RIC / DIC in case of Micro & Small / **to Director of Industries, Odisha in case of Medium Enterprise** / to IPICOL in case of large industries within

**7 days** of receipt of proposal at his end under intimation to the concerned unit / RIC / DIC / IPICOL.

(d) Parallel (means within 7 days as mentioned above), RIC / DIC in case of Micro and Small Enterprises / D. I. Odisha in case of Medium Enterprises / IPICOL & D.I Odisha jointly in case of Large Industries shall access the cost of Plant & Machinery acquired **till the date of commencement of production** and furnish the report in the Format prescribed at Annexure-D. This assessment for the cost of Plant & Machinery shall be carried on once during period of incentives while processing the application for the reimbursement of VAT for the first time. The assessment of cost of Plant & Machinery may not be taken up in the subsequent years during the period of incentives unless felt necessary by the authority.

**10.5** The cost of Plant & Machinery in Annexure D may not be furnished ordinarily in subsequent years during the period of VAT reimbursement.

### **11. Sanction:-**

11.1 Sanction for reimbursement of eligible amount of VAT paid may be accorded in favour of eligible Units in the format prescribed at Annexure –“E” by the competent authority as below within next **7 days**.

(a) RIC / DIC in case of Micro & Small Enterprise

(b) D.I. Odisha in case of Medium Enterprise & Large Industry.

**11.2 In Case, where condonation of implementation delay is requested,** sanction for reimbursement of VAT shall be accorded after delay is condoned by the Empowered Committee.

**12. Disbursement:** -Disbursement of sanctioned amount for reimbursement of VAT or part thereof shall be made by General Manager, RIC / DIC,\* in respect of Micro & Small Enterprises and by Director of Industries, Odisha in respect of Medium Enterprise & Large Industry within **5 days** of sanction **subject to availability of funds under the scheme**. Further, the disbursement may be deferred if the unit is found closed and may be effected on resumption of production.

**13. Rejection:-** In case of rejection of application, the reasons of rejection shall be communicated to the applicant unit **within 25 days** of receipt of application from the claimant unit by the respective agencies in the format prescribed at Annexure – 'F'.

**14. Recovery:-**The amount disbursed towards reimbursement of VAT and or any part thereof shall be recoverable with penal interest as decided by the authority on following events as per terms and conditions undertaken by the unit in the body of application form.

- (A) If the information furnished is found to be false/ incorrect / misleading or misrepresented and there has been suppression of facts / materials or disbursed in excess of the amount actually admissible for whatsoever reason.
- (B) If the industrial unit goes out of production for a period exceeding six months at a time for any reasons other than labour troubles, want of electric power or for the reason which is beyond the control of entrepreneur / management during the period of incentives.
- (C) If any part of Plant & machinery is disposed of and not reported which affects the maximum limit of VAT reimbursement during the period of incentives.

**15.** The eligible units under the scheme may be identified by RIC /DIC / IPICOL / DI Odisha and details of the units be communicated to ACCT / DCCT / CCT well in advance , so that the units will be flagged by the CT Department in their data base for monitoring their activities relating to their eligible claims. In order to avail of reimbursement, units will be required to disclose relevant information separately in their returns on the net tax paid which is to be reimbursed under the scheme. As tax returns are self assed, reimbursement to the unit will be made on the basis of eligibility and tax paid. In order to prevent evasion or false claims each year, about 5% of eligible units shall be selected by CT Department randomly for audit. If any unit is found to be deliberately furnishing wrong / false information, the incentives provided shall be withdrawn from the unit by ACCT / DCCT /CT / CT Department under intimation to MSME Department / Industries Department / Director of Industries, Odisha / General Manager, RIC / DIC as the case may be.

**16. Miscellaneous:-**

**16.1** Industrial Unit shall furnish its audited financial statements and other periodical statements of each financial year to the RIC / DIC /IPICOL / D. I., Odisha during the period of incentives.

**16.2** Any change in facts or circumstances affecting the eligibility of the unit shall be intimated immediately to the RIC/ DIC/ IPICOL / Directorate of Industries, Odisha by the unit.

**16.3 Time limit prescribed in this guideline is of working days only.**


**17.** This has been concurred in by Finance Department vide their UOR No. 97-ES-II/F, dated 06.07.2015.

GOVERNMENT OF ODISHA  
INDUSTRIES DEPARTMENT

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Memo No 5936 /I., Bhubaneswar, dated 2/9/2015  
XIV-HI-43/2015

Copy forwarded to All Departments/ All Heads of Departments/ All PSUs/ All Revenue Divisional Commissioners/ All Collectors/ All DICs/ All RICs/ Head, State Portal Group, IT Centre, Secretariat, Bhubaneswar/ All Sections of Industries Department/ Guard File (5 copies) for information and necessary action.

  
Joint Secretary to Government

**APPLICATION FOR REIMBURSEMENT OF VALUE ADDED TAX (VAT) UNDER  
INDUSTRIAL POLICY RESOLUTION –2015.**

Application received after the due date / incomplete in any respect shall be liable for rejection  
(Strike out whichever is not applicable)

M/s. \_\_\_\_\_

At/PO \_\_\_\_\_

Dist. \_\_\_\_\_

(Location of the Industrial Unit)

To

The General Manager,

**Regional Industries Centre / District Industries Centre** - - - - -

Managing Director,

Industrial Promotion and Investment Corporation of Odisha limited

IPLICOL House, Janpath, Bhubaneswar-751022

Sub: Application for reimbursement of Value Added Tax (VAT) under IPR-2015.

Sir,

In accordance with the provisions laid down in Industrial Policy Resolution –2015 and its operational guidelines, the claim is submitted with following particulars.

1	Category of the Unit	:	
a	New Micro Enterprise / New Small Enterprise / New Medium Enterprises		
B	Migrated industrial unit treated as new industrial unit under Micro Enterprise / Small Enterprise / Medium Enterprise.		
C	Rehabilitated sick industrial unit treated at par with new industrial unit under Micro Enterprise / Small Enterprise / Medium Enterprise		
D	Industrial unit seized under Section 29 of the SFC Act, 1951 / Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and thereafter sold to a new entrepreneur on sale of assets basis and treated as new industrial unit for the purpose of this IPR under Micro Enterprise / Small Enterprise / Medium Enterprise.		
E	New industrial unit under Micro Enterprise / Small Enterprise / Medium Enterprise / Large Industries in Priority Sector		

	F	Migrated industrial unit treated as new industrial unit under Micro Enterprise / Small Enterprise / Medium Enterprise / Large Industries in Priority Sector.			
	G	Rehabilitated sick industrial unit treated at par with new industrial unit under Micro Enterprise / Small Enterprise / Medium Enterprise / Large Industries in Priority sector.			
	H	Industrial unit seized under Section 29 of the SFC Act, 1951 / Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and thereafter sold to a new entrepreneur on sale of assets basis and treated as new industrial unit for the purpose of this IPR and comes under Priority Sector.			
	I	Pioneer Units under each Priority sector			
	J	Anchor Tenant in the industrial park			
	K	Existing Micro, Small & Medium Enterprises taking up expansion / modernization / diversification as defined in IPR			
	L	Existing Micro enterprise / Small enterprise / Medium Enterprise / Large Industries in Priority Sector taking up expansion / modernization / diversification as defined in IPR			
2	Address of Registered office		:		
3	Type of organization (Proprietorship / Partnership / Co-operative / Private Limited / Public Limited)		:		
4	Name of Proprietor / Managing Partner / Managing Director / Authorized Signatory		:		
5	EM-II / IEM / I L No. and date		:		
6	Items of manufacture / activity		:	Original	
					Item (s)      Quantity      Value
					After expansion / modernization / diversification
					Item      Quantity      Value
7	Date of commencement of production		:	Original-	
				E / M / D-	
8	Date of first fixed capital investment i.e. land / building / plant & machinery and balancing equipment.		:	Original-	
				E / M / D-	
9	Investment in Plant & machinery		:	Original      E / M / D	

10	Name of the Financial Institution (s) / Bank(s)	:	
11	Employment Generated	:	
12	Registration Number & Date (Issued by Commercial Tax Authority) TIN ( Tax Payer's Identification number)	:	
13	(i) Amount of Output Tax (VAT) on sale of finished goods	:	
	(ii) Amount of Output Tax (VAT) on sale of trading goods	:	
	(iii) Total amount of Output Tax (VAT) for sale of finished goods and trading goods	:	
	(iv) Amount of Input Tax Credit (ITC) for manufacturing of finished goods	:	
	(v) Amount of Input Tax Credit (ITC) for trading goods	:	
	(vi) Total Input Tax Credit (ITC) for manufacturing of finished goods and trading goods.	:	
	(vii) Amount of net VAT paid for finished goods	:	
	(viii) Amount of net VAT paid for trading goods	:	
	(ix) Total amount of net VAT paid for finished goods and trading goods	:	
14	Amount of net VAT paid against which reimbursement is claimed as per col. 13 (vii)	:	
15	Mention Period of claim (From the date of commencement of production to the end of Financial year / 2 <sup>nd</sup> Financial Year / 3 <sup>rd</sup> Financial Year / 4 <sup>th</sup> Financial Year / 5 <sup>th</sup> Financial Year / 1 <sup>st</sup> April of 6 <sup>th</sup> Financial Year to the date of completion of five years of commencement of Production / (Additional two years for Pioneer unit / Anchor Tenant in the industrial park)- 6 <sup>th</sup> Financial Year / 7 <sup>th</sup> Financial Year / 1 <sup>st</sup> April of 8 <sup>th</sup> Financial Year to the date of completion of seven years of commencement of Production	:	
16	Amount of net VAT reimbursement claimed by the Industrial Units taking of Expansion/ modernization/ diversification as per IPR 2015 as per col. 4 of Annexure-AA.	:	

I, Sri \_\_\_\_\_ S/o \_\_\_\_\_ at present \_\_\_\_\_ (designation) of M/S \_\_\_\_\_ (name of the industrial unit) certify that the information furnished as above is true and correct to the best of my knowledge and belief.

I hereby undertake to abide by the terms and conditions prescribed under the provisions of IPR-2015 and its operational guidelines.

I hereby certify that I / We / the concerned promoter(s) have not defaulted to Banks / Development Financial Institutions / SIDBI / OSFC / IPICOL / Government and Government controlled agencies.

I hereby undertake to repay / surrender the incentives or any part thereof availed with penal interest as decided by the authority-

- (i) If the information stated above is found to be false/ incorrect / misleading or misrepresented and there has been suppression of facts / materials or if found to have been disbursed in excess of the amount actually admissible for whatsoever reason.
- (ii) If the industrial unit goes out of production for a period exceeding six months at a time for any reasons other than labour troubles, want of electric power or for the