

3. GUIDELINE FOR CLAIMING THE INCENTIVES

3.1 TIMELINE FOR APPLICATION.

- 3.1.1 Once the Registration and Provisional Eligibility Certificate (PEC) / Final Eligibility Certificate (FEC) is approved and issued through the online portal, unit shall apply to avail the assistance for the incentive period.

3.2 DEFINITIONS / CLARIFICATIONS

3.2.1 Operative Period of the Scheme:

- Operative Period of the scheme is from 25/07/2016 to 24/7/2021.

3.2.2 Investment Period:

- Investment Period for the industrial undertaking is from 01/01/2015 up to the below mentioned time limits:
 - 12 months from Date of Commercial Production (DOCP) for Micro, Small and Medium Enterprises / Industrial Undertaking
 - 15 months from DOCP for large Industrial Undertaking
 - 18 months from DOCP for Mega Industrial Undertaking
 - 24 months from DOCP for Ultra-Mega Industrial Undertaking

3.2.3 Incentive Period:

- Incentive period for the Industrial Undertaking is considered as 10 years from the Date of Commercial Production.

3.2.4 Claim Period:

- The Industrial Undertaking will have to submit a reimbursement claim on quarterly basis. The quarterly basis would be as under:
 - First Quarter – January to March
 - Second Quarter – April to June
 - Third Quarter – July to September
 - Fourth Quarter – October to December
- The Industrial Undertaking will have to submit First claim from the Date of Commercial Production till the immediate Quarter end. (For Example: If DOCP for any Industrial

Undertaking is 15th May 2017, it shall submit a first claim for its first quarter from 15th May 2017 to 30th June 2017 and then subsequent quarters will follow for the incentive period.)

- The Industrial Undertaking will have to submit the subsequent claims matching with the quarter - start and end dates.
- The Industrial Undertaking will have to submit the last claim for its ending quarter in the incentive period. (Suppose for Example If the DOCP is 25th Jul, 2016, then the First Claim got submitted for its first quarter from 25th Jul, 2016 to 30th Sep, 2016 and the last claim will be for the ending quarter from 1st July 2026 to 24th July 2026.

3.2.5 Net SGST:

- Net SGST reimbursement means the eligible unit will be eligible to get reimbursement of SGST amount paid through cash ledger against the output liability of SGST on sale of eligible products.
- The eligible unit shall first have to utilize all the eligible ITC available in its Credit Ledger maintained on the common portal as specified under sub-rule (l) of the rule 86 of the Gujarat Goods and Services Tax Rules, 2017, including eligible ITC of IGST as provided under Section 49 of the GGST Act, 2017 as may be amended from time to time, before adjusting the SGST amount through Cash Ledger.

3.2.6 Eligible ITC for Claim:

- Eligible ITC means the Industrial Undertaking must have received the goods for which Input Tax Credit is being claimed.
- The tax charged with respect to such supplies has been actually paid to the Government, either in cash or through utilization of Input Tax Credit admissible in respect of the supply made.

3.2.7 Eligible Product for Claim:

- Eligible Products means the Products mentioned in Registration Certificate/ PEC / FEC issued under the scheme.
- Incentives shall be allowed only for eligible goods manufactured in the eligible unit and not on the resale of goods.

3.2.8 Gestation Period for Investment:

- The project may contain gestation period. With reference to the Incentive to Industries Scheme, the assets acquired and

paid for from the Date of Commencement of Commercial Production till the time period specified below shall be the gestation period for Investment for the applied project.

- 12 months from Date of Commercial Production (DOCP) for Micro, Small and Medium Enterprises / Industrial Undertaking
- 15 months from DOCP for large Industrial Undertaking
- 18 months from DOCP for Mega Industrial Undertaking
- 24 months from DOCP for Ultra-Mega Industrial Undertaking

3.3 PROCEDURE FOR SUBMISSION OF CLAIMS

- 3.3.1 The office of the Industries Commissioner has developed an online module <http://www.ifp.gujarat.gov.in> for the complete application, sanction and claim procedure. A dedicated Investor Facilitation Agency has also been set up at Industries Commissionerate for providing assistance to investors.
- 3.3.2 The eligible Industrial Undertaking shall apply for claim based on the sanctioned amount by Provisional Eligibility Certificate/ Final Eligibility Certificate in the prescribed format along with requisite documents on ONLINE module.
- 3.3.3 Normally, the disbursement of the claim for assistance may be done every six monthly bases for the incentive period and annually it is to be reconciled.
- 3.3.4 It is to be noted that, the amount of annual limit as per the final eligibility certificate will not be allowed to carry forward for next year. Hence, the investment limit for that particular year will have to be consumed in that particular year itself and no carry forward will be done.
- 3.3.5 In case of Micro, Small and Medium projects, the claim process and the disbursement will be done by District Industries Centre (DIC) office at District level.
- 3.3.6 In case of Large, Mega and Ultra Mega projects, the claim process and disbursement will be done by office of Industries Commissioner.

- 3.3.7 On receipt of claim Application with all documents, sanctioning authority will scrutinize the application. If all the documents/details submitted by the industrial undertaking are correct/in prescribed format, then the claim will be processed within 30 days.
- 3.3.8 The reimbursement of net SGST shall be granted quarterly on provisional basis and may be disbursed half-yearly. The amount of net SGST reimbursement admissible for the year shall be computed at the end of the financial year.
- 3.3.9 To qualify for a case of forward integration, an eligible unit shall utilize minimum 33.33 % of inputs received from its non-eligible units with same GSTIN out of total utilization of all inward supply of its inputs during the financial year. In case of breach of this condition, the relaxation granted shall cease forthwith and such eligible unit shall have to obtain separate registration.

3.4 APPLICATION FORM:

- 3.4.1 The Industrial Undertaking can apply for the assistance under the Scheme in the below mentioned link:

<http://www.ifp.gujarat.gov.in>

The prescribed performa of the Application for the **Application Form.**

3.5 CHECKLIST OF DOCUMENTS:

3.5.1 Mandatory Documents for the claim of Net VAT reimbursement:

Sr. No.	List of the Documents	Description of the Documents.
1.	Copy of PEC/FEC under the Scheme for Incentive to Industries	The applicant/user has to click on the Check Box of PEC/FEC, which will allow the system to auto fetch the issued PEC/FEC.
2.	Certificate duly Signed by the Commissionerate of Commercial tax in prescribed format for the claim duration. (Annexure - A)	The unit will have to Submit Certificate duly Signed by the Commissionerate of Commercial tax in prescribed format. The certificate depicts the amount of Net VAT paid as per the scheme during the claim period.

3.	C.A. Certificate showing the details of Raw-Material Purchased in prescribed format for the claim duration. (Annexure - B-1)	The unit have to submit month wise raw-material purchase details during the claim certified by Chartered Accountant.
4.	C.A. Certificate showing the details ITC on purchase in prescribed format. (Annexure B-2)	The unit have to submit details of sale of eligible product/s during the claim certified by Chartered Accountant.
5.	C.A. Certificate showing the details of Sale of Eligible Product(s) in prescribed format. (Annexure B-3)	The unit have to submit details of sale of eligible product/s during the claim certified by Chartered Accountant.
6.	C.A. Certificate showing the details of Sale of By-Product(s) in prescribed format. (Annexure B-4)	The unit have to submit details of sale of eligible product/s during the claim certified by Chartered Accountant.
7.	C.A. Certificate showing the details of Purchase & Resale (Trading) of Eligible Product(s) in prescribed format. (Annexure B-5)	The unit have to submit details of sale of eligible product/s during the claim certified by Chartered Accountant.
8.	C.A. Certificate showing the details of Production & Sales of Eligible Product(s) in prescribed format. (Annexure - C)	The unit have to submit details of sale of eligible product/s during the claim certified by Chartered Accountant.
9.	Copy of Udyog Aadhar Memorandum (In case of Micro small or medium Industrial Undertaking)	UAM can be obtained from https://eudyogaadhaar.org/msme-registration-online/
10.	Copy of the IEM Part-B Acknowledgement (in case of Large, Mega & Ultra Mega Industrial Undertaking)	IEM part B is to be applied on the start of commencement of Commercial Production and is to be obtained from DIPP, Government of India. The IEM PART-B is to be submitted mandatorily along with the application.
11.	Copy of PAN Card	The unit will have to submit a copy of the PAN Card of the Industrial Undertaking.

12.	Bank details	The unit will have to submit bank details of the Industrial Undertaking.
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3.5.2 Mandatory Documents for the claim of Net SGST reimbursement:

Sr. No.	List of the Documents	Description of the Documents
1.	Copy of PEC/FEC under the Scheme for Incentive to Industries	The applicant/user has to click on the Check Box of PEC/FEC, which will allow the system to auto fetch the issued PEC/FEC.
2.	Certificate duly Signed by the Commissionerate of Commercial tax in prescribed format for the claim duration. (Annexure - A)	The unit will have to Submit Certificate Duly Signed by the Commissionerate of Commercial tax in prescribed format. The certificate depicts the amount of Net SGST paid as per the scheme during the claim period.
3.	C.A. Certificate showing the details of Raw-Material Purchased in prescribed format for the claim duration. (Annexure - B-1)	The unit will have to submit details of Outward SGST on supply of eligible goods during the claim certified by Chartered Accountant.
4.	C.A. Certificate showing the details ITC on purchase in prescribed format. (Annexure B-2)	The unit will have to submit details of ITC for eligible inward supplies (Other than Capital Goods) used/ to be used in eligible goods for the claim period certified by Chartered Accountant.
5.	C.A. Certificate showing IGST ITC available for adjustment against output SGST in prescribed format. (Annexure - B-3)	The unit will have to submit details of IGST ITC available for adjustment against output SGST during the claim certified by Chartered Accountant.
6.	C.A. Certificate showing the details of Sale of By-Product(s) in prescribed format. (Annexure B-4)	The unit will have to submit details of calculation for the reimbursement amount during the claim certified by Chartered Accountant.
7.	C.A. Certificate showing Closing balance of eligible ITC as per Credit Ledger of GSTR-B3 at the end of quarter in prescribed format. (Annexure - B-5)	The unit will have to submit details of Closing balance of eligible ITC as per Credit Ledger of GSTR-B3 at the end of quarter during the claim certified by Chartered Accountant.

8.	C.A. Certificate showing the details of Purchase of inputs and input services (Except ITC of capital Goods) in prescribed format. (Annexure – C-1)	The unit will have to submit details of Purchase of inputs and input services (including ITC of capital Goods) used in production of eligible Products/Intermediates sold by the Industrial unit within the state as per the Provisional/Final Eligibility certificate for the claim certified by Chartered Accountant.
9.	C.A. Certificate showing sale of eligible product/s in prescribed format. (Annexure – C 2)	The unit have to submit details of sale of eligible product/s during the claim certified by Chartered Accountant.
10.	C.A. Certificate showing sale of any other product/s in prescribed format. (Annexure – C 3)	-
11.	Copies of GSTR 3B and GSTR 1	The unit will have to submit Self / Company attested copies of GSTR 3B and GSTR 1 (GST returns format as may be prescribed in future)
12.	Affidavit (Annexure- D)	Prescribed format
13.	Copy of Udhog Aadhar Memorandum (In case of Micro, Small and Medium enterprises/ Industrial Undertaking) (To be submitted for the first claim or on modification, if any)	UAM can be obtained from https://eudyogaadhaar.org/msme-registration-online/
14.	Copy of the IEM Part-B Acknowledgement (in case of Large, Mega & Ultra Mega Industrial Undertaking) (To be submitted for the first claim or on modification, if any)	IEM part B is to be applied on the start of commencement of Commercial Production and is to be obtained from DIPP, Government of India. The IEM PART-B is to be submitted mandatorily along with the application.
15.	Copy of PAN Card (To be submitted for the first claim or on modification, if any)	The unit will have to submit a copy of the PAN Card and bank details of the Industrial Undertaking.

16.	Bank Details (To be submitted for the first claim or on modification, if any)	The unit will have to submit bank details (such as Bank name, branch name, branch code, IFSC code etc.) of the Industrial Undertaking.
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3.7 CONDITIONS FOR CLAIM APPLICATION:

- 3.7.1 The eligible unit shall not carry out any trading activity or provision of any services not relating to eligible products from its place of business. The requirement for obtaining separate segregated books of accounts for different economic activities such as manufacturing, trading and service being carried out from same / single business premises.
- 3.7.2 The eligible unit shall have to obtain a separate registration, if the unit carries out trading activity or provision of any services not relating to eligible products.
- 3.7.3 Incentives shall be allowed only for eligible goods manufactured in the eligible unit and not on the resale of goods.
- 3.7.4 If the eligible unit has shown its inter-State sales as intra-State sales through intermediary I marketing network I or any other middle man, either directly or indirectly controlled by it, in order to get higher incentives then the eligibility certificate of the eligible unit shall be liable to be cancelled with effect from the date of such contravention, and the eligible unit shall be liable to return forthwith the incentives availed together with interest at the rate of eighteen per cent per annum.
- 3.7.5 If the industrial undertaking availing incentive under the Scheme for Incentives to Industries under Resolution No. INCI1020151645918/I dated 25-7-2016 (as mentioned at serial no.2 above) or under the scheme for assistance for Plastic Industry (Revised) under Resolution

No.MISI1020141924790/I dated 06-01-2017 (as mentioned at serial no.3 above), is already manufacturing the same product in one or more existing industrial units in Gujarat owned by it or by its subsidiary, then the turnover of all such existing industrial units of the same product for five consecutive years commencing from the year in which the industrial undertaking avails incentive under this resolution shall not- be lower than the average turnover of the same product in the immediately preceding three financial years from the year in which the industrial undertaking avails incentive under the resolution.

- 3.7.6 If the turnover in any of the five consecutive years, is lower than the average turnover of the immediately preceding three years from the year in which the industrial undertaking avails incentive under this resolution, then the net SGST incentive shall be reduced to the extent of net SGST applicable on the difference of average turnover of preceding three financial years and the actual turnover of the same product.
- 3.7.7 The eligible unit shall submit to Industries Commissioner the details of amount of reimbursement claimed in the prescribed **performa** duly certified by a Chartered Accountant. The performa includes a declaration by the eligible unit stating that it has not shown its inter-state sales as intra-state sales through intermediary either directly or indirectly controlled by it in order to get higher incentives.
- 3.7.8 The statement shall contain the details of the utilisation of input tax credit between eligible unit and non-eligible units as per provisions of the Act and rules made thereunder.

- 3.7.9 In cases where usage of inputs, input services and capital goods pertaining to eligible unit are not identifiable, credit pertaining to such inputs, input services and capital goods shall be assigned on provisional basis, to eligible unit and non-eligible units in the proportion to turnover of outward supplies of respective units during the quarter. Final calculation with regard to distribution of credit of inputs, input services and capital goods between eligible unit and non-eligible units shall be made at the end of financial year in the proportion to turnover of outward supplies of respective units during the year.
- 3.7.10 The reimbursement of net SGST shall be granted quarterly on provisional basis by the office of the Industries Commissioner. The amount of net SGST reimbursement admissible for the year shall be computed at the end of the year. At the end of financial year, if it is found that the excess SGST reimbursement has been granted as against the total amount of SGST reimbursement actually admissible, such excess amount of SGST reimbursement shall be paid back to the Government immediately along with interest of eighteen per cent per annum from the date of such excess reimbursement.
- 3.7.11 The amount of net SGST reimbursement in any case shall not exceed the amount of SGST paid in cash through adjustment of cash ledger as shown in the return furnished under the Act by such eligible unit.

3.8 SIMPLE COMPUTATION AND SCENARIO:

- 3.8.1 The requirement for obtaining separate segregated books of accounts for different economic activities such as manufacturing, trading and service being carried out from same / single business premises.
- 3.8.2 A certificate from a Chartered Accountant / Statutory Auditor with respect to procurement and sales of eligible product to be obtained for ascertaining net SGST amount eligible for reimbursement.

3.8.3 Computation of reimbursement of Net SGST benefit under different situation:

The same should be calculated based on the Chartered Accountant (CA) certificate and may be in brief as under and followed by respective annexures.

Particulars	Amount
Gross SGST with respect to sale of eligible products in Gujarat.	-
Less: Input tax credit of SGST and IGST used for paying Gross SGST <u>This includes SGST and IGST paid on inputs, input services and capital goods used to manufacture eligible goods only</u>	-
Net SGST to be reimbursed	-

3.8.4 Scenario for Reimbursement to New Units as per the Scheme:

a. **New unit manufacturing eligible goods only in Gujarat:**
Reimbursement of Net SGST as per the SGST paid challans and GST returns filed. Sales and Purchase register should be submitted.

b. **New unit Manufacturing eligible goods and ineligible goods (having single GST registration) in one unit or multiple units:**

Reimbursement of Net SGST for eligible goods as per CA/Statutory certificate and based on SGST paid challans and GST return filed.

The same is to be supported by the following:

- Sale register for eligible goods with Gross SGST liability
- ITC details of Input and Input services used directly to manufacture eligible goods

- ITC details of capital goods used directly to manufacture eligible goods
- ITC details of common inputs and input services in the ratio of turnover of eligible and ineligible goods
- Copy of GST returns filed

c. Reimbursement to existing unit undertaking expansion (having single or multiple place of business)

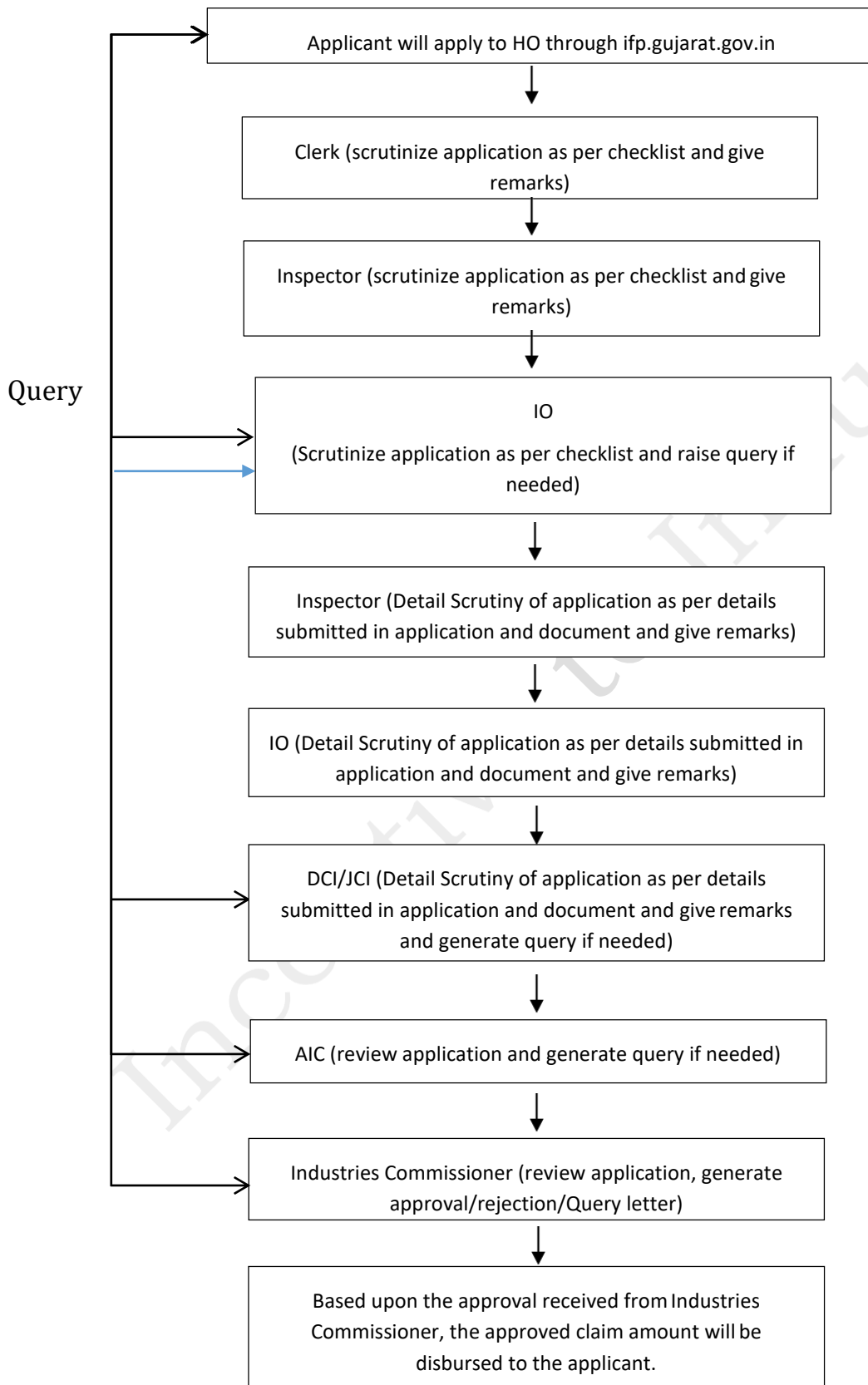
Reimbursement of Net SGST to be given for eligible goods as per CA/Statutory Certificate and based on SGST paid challans and GST returns filed in the following ratio:

- Net SGST paid for eligible goods in the ratio of increase in installed capacity

The same is to be supported by the following:

- CA certificate to be taken for increase in Gross Fixed Capital Investment (GFCI) for which expansion is carried out.
- Chartered Engineer certificate to be taken for increase in installed capacity for which expansion is carried out.
- Sale register for eligible goods with Gross SGST liability.
- ITC details of Input and Input services used directly to manufacture eligible goods.
- ITC details of capital goods used directly to manufacture eligible goods.
- ITC details of common inputs and input services in the ratio of turnover of eligible and ineligible goods.
- Copy of GST returns filed.

Process Flow – For Claim Disbursement (Large, Mega & Ultra Mega Units)



Process Flow – For Claim Disbursement (MSME Units)

