

**GOVERNMENT OF ODISHA**  
**ELECTRONICS AND INFORMATION TECHNOLOGY DEPARTMENT**

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**NOTIFICATION**

No. 1974 /E&IT  
E&IT-Dev-II-13/2017

Bhubaneswar 13-06-18  
Dated \_\_\_\_\_

**Sub: Operational Guidelines for Reimbursement of VAT under ICT Policy 2014**  
(See Clause No. 6.11 of ICT Policy-2014)

1. **Short Title** - Operational guidelines for reimbursement of VAT under Odisha ICT Policy, 2014.
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 ICT Policy 2014, i.e. 16<sup>th</sup> January, 2014.
4. **Terms and Expressions** -
  - a. "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.
  - b. "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.
  - c. "Finished products" shall have the same meaning of "Finished Goods" - as defined in ICT policy.
  - d. **Cost of Plant & Machinery:**
    - 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 -
      - The cost of equipment such as tools, jigs, dies, molds and spare parts for maintenance and the cost of consumable stores
      - The cost of installation of plant & machinery
      - The cost of Research & Development equipment
      - The cost of generation sets, extra transformer, installed
      - The bank charges and service charges paid
      - 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,
      - Transportation charges (excluding of taxes) for indigenous machinery from the place of manufacturing to the site of factory
      - Charges paid for technical know-how for erection of plant & machinery, cost of such storage tanks which store raw

materials, finished products only and are not linked with the manufacturing process, and Cost of firefighting equipment

- Cost of cylinders for supply of gas
- In case of imported machinery, the following shall be included in calculating the value, namely:
- Import duty (excluding miscellaneous expenses as transportation from the port to the site of factory, demurrage paid at the port),
  - The shipping charges,
  - Custom clearance charges, and
  - VAT & CST paid thereon.
5. Terms and expressions used in this operational guideline, but not specifically defined / explained here, shall have the same meaning as in ICT Policy 2014.
6. **Policy Provisions** - New industrial units in IT/ITES/ESDM sector will be eligible for reimbursement of seventy-five percent (75%) subsidy of VAT paid for a period of five (5) years from the date of starting of commercial operations, limited to hundred percent (100%) of Fixed Capital Investment provided that the VAT reimbursement will be applicable only to the net tax paid, after adjustment of input tax credit against the output tax liability.

Existing industrial units in IT/ITES/ESDM sector taking up of expansion / modernization / diversification as defined in Industrial Policy Resolution (IPR) will be eligible for reimbursement of the VAT paid to the extent applicable to the industrial category to the condition that it will be applicable only for a period of 5 years on increased commercial production over and above the existing installed capacity, provided that the VAT reimbursement will be applicable only on the net tax paid, after adjustment of input tax credit against the output tax liability.

7. **Eligibility - IT/ITES/ESDM units satisfying definition and falling under the following criteria:**
- a) The new industrial units coming under micro, small and medium enterprise in the state of Odisha, during its first 5 years commercial production.
  - b) Any existing industrial units in IT/ITES/ESDM sector taking up expansion/ modernization/ diversification in Odisha, during the 5 years period post completion of expansion or diversification project.
  - c) The applicable incentive shall not be sanctioned and disbursed if the industrial unit is found closed or has gone out of production.
  - d) Two or more companies, having the registered office in the same campus /Premises or having same ownership /senior leadership team (Managing Director/Managing Partner/CEO), will not be considered for evaluation and approval for reimbursement of this subsidy, if they are having separate application for this incentive.
8. **Timeframe for filing application**

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

## 9. Approval Process:

- 9.1 OCAC as nodal agency through PIU shall examine all the incentive/ Subsidy claims in accordance with the chronological order and place it before the Secretary, E& IT department and Chairman, OCAC for approval/ sanction/rejection.
- 9.2 The Secretary, E & IT department and Chairman OCAC shall be the competent authority to go into merits of each case to decide whether the applicant qualifies for grant of the incentive/ subsidy and will determine the quantum of incentive/ subsidy admissible and sanction any incentive/ subsidy claims of eligible IT/ITES/ESDM units.
- 9.3 The Secretary, E & IT department and Chairman OCAC may recommend/ approve/ reject/ defer any application for incentives/ subsidy at its Sole Discretion.
- 9.4 Any incentive beyond the ICT Policy provisions would be placed before the Apex Committee constituted under the chairmanship of Chief Secretary vide Notification No. 2126/IT/2015 dated 25/07/2015 issued by Dept. of Electronics & Information Technology, Govt. of Odisha for approval. All admissible incentives/subsidy released at the level of the Secretary to Government, E&IT Department and Chairman, OCAC may also be placed before this Committee for perusal/approval

## 10. Procedure

- 10.1 Industrial units satisfying the eligibility shall file application in the prescribed form appended to this operational guideline in Annexure II along with copies of all relevant documents as mentioned in the Checklist in Annexure I and Undertaking prescribed in Annexure III.  
**Copies of the documents as indicated in the checklist should be self-certified by the Proprietor/ Managing Partner / Managing Director / Authorized Signatory.**
- 10.2 On receipt of application, the acknowledgement as prescribed at Annexure IV shall be dispatched to the applicant / applicant unit duly signed by the authorized officer, on the day of receipt. OCAC will coordinate and facilitate this.
- 10.3 OCAC will check the eligibility and determine the applicability in each case within a minimum of 3 week timeline. All the documents submitted by the units shall be physically verified against the original by OCAC.
- 10.4 A detailed report will be submitted to SSWCA (State Level Single Window Clearance Authority) by OCAC for approval and to forward to Apex Committee for final approval with a detail note on fulfilment of eligibility criteria, time limit, incentive applicability, eligible amount of reimbursement, any recommendation on VAT reimbursement capital investment subsidy amount with justification, working status, specific suggestion, if any, for consideration.

- 10.5 After receipt of specific suggestions from OCAC for consideration of VAT reimbursement, E&IT Department will send the copy of the document to the Deputy Commissioner of Commercial Taxes of concerned circle, where the dealer has filed the return and paid the VAT for verification and issue of a certificate as prescribed for reimbursement of VAT under IPR 2007
- 10.6 After receipt of certificate from the concerned Deputy Commissioner of Commercial Taxes, E&IT Department will place the proposal before the APEX Committee for consideration of VAT reimbursement. As per the approval of the APEX committee OCAC will process the file for disbursement of VAT reimbursement amount.
- 10.7 OCAC will act as Nodal Point during entire process to respond to the queries or address any grievances from the applicant/beneficiary in IT/ITES/ESDM sector units.
- 11. Disbursement** - Disbursement of sanctioned amount for VAT reimbursement shall be credited to the company's bank account after receiving the supporting documents and/ or evidences specified in this guideline, provided the maximum limit is not reached and the eligibility criteria and terms & conditions are continued to be met even after approval by the Apex Committee.
- 12. Rejection** - In case of rejection of application, the reasons with detailed explanation/justification shall be communicated to the applicant unit.
- 13. Re-Application** - After fulfilling the criteria or requirement as per the rejection details, the company can reapply for the incentive after six (6) months from the date of rejection along with the reference of earlier application.
- 14. Monitoring** - A periodic monitoring by PIU, OCAC will be administered to track the operations of the unit either by in-premise physical verification or review of related documents received physically or in an electronic format. If any unit is found to be deliberately furnishing wrong/false information, incentives provided shall be withdrawn.
- 15. Recovery** - The amount disbursed towards reimbursement of VAT or any part thereof shall be recovered with penalty, as per prevailing rate of interest per annum, from the date from which the subsidy is availed under the following circumstances:
- a) If the information furnished is found to be false/ incorrect/misleading or misrepresented and there has been suppression of facts or disbursement in excess of the amount actually admissible, for whatsoever reason.
  - b) If the industrial unit goes out of operation for a period exceeding six months at a time for any reason other than labor issues, want of electric power and/or network connectivity or for reasons 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.

16. **Amendment** –Electronics & Information Technology Department shall be the competent authority to review and make necessary amendment in the operational guidelines from time to time.

By Order of Governor



(R. N. Palai)

Special Secretary to Government

Memo No. 1975 /EIT Dated 13-06-18

Copy forwarded to the Principal Secretary to Governor, Odisha / ACS to the Chief Minister, Odisha/ P.S. to all Ministers / OSD to Chief Secretary, Odisha/ P.S. to D.C Cum ACS / P.S to Principal Secretary to Government, E&IT Department for kind information of the Governor / Chief Minister / All Ministers / Chief Secretary / DC Cum ACS / Principal Secretary, respectively.



Memo No. 1976 /EIT Dated 13-06-18 Deputy Secretary to Government

Copy forwarded to All Departments of Government / all Heads of Department / all RDCS / all Collectors / Principal Resident Commissioner, Government of Odisha, Odisha Niwas, New Delhi – 110021/ Additional Secretary to Government, Deity / All PSUs / Director, STPI, Bhubaneswar / SIO, NIC, Bhubaneswar / AG (A&E) Odisha, Bhubaneswar for information.



Memo No. 1977 /EIT Dated 13-06-18 Deputy Secretary to Government

Copy forwarded to the CMD, IPICOL, Bhubaneswar / CMD, IDCO, Bhubaneswar for information and necessary action.



Memo No. 1978 /EIT Dated 13-06-18 Deputy Secretary to Government

Copy forwarded to the Director IIIT, Bhubaneswar / General Manager (Admin.) OCAC, Bhubaneswar / Head IF & IT Promotion Cell, OCAC / All Sections of E & IT Department for information and taking necessary action.



Memo No. 1979 /EIT Dated 13-06-18 Deputy Secretary to Government

Copy forwarded to the Director, Printing, Stationary & Publication, Odisha, Cuttack for immediate publication of the Notification in the Extra Ordinary issue of Odisha Gazette and supply of 500 Copies to this Department.



Memo No. 1980 Dated 13-06-18 Deputy Secretary to Government

Copy forwarded (with Soft Copy) to the Head, State Portal Group, IT Centre Secretariat for information and necessary action. He is requested to host the Notification in the Government website as well as website of E&IT Department for wide circulation.



Deputy Secretary to Government

**Annexure - I**

**CHECKLIST TO APPLY FOR VAT REIUMBURSEMENT**

Copies of documents to be attached with the application shall be self-certified by  
Proprietor / Managing Partner/Managing Director / Authorized Signatory

(Tick Mark whichever is available and has been complied with)

No.	Documents Required	Available?
1	Certificate of Registration under Indian Partnership Act 1932 / Certificate of Incorporation under Company Act 1956	<input type="checkbox"/>
2	Memorandum and Articles of Association	<input type="checkbox"/>
3	Power of Attorney / Board Resolution/ Society Resolution, as applicable, while signing as Partner / Managing Director / Authorized person	<input type="checkbox"/>
4	Copy of VAT Registration and Last VAT Return	<input type="checkbox"/>
5	Copy of Organization PAN Card	<input type="checkbox"/>
6	Proof of Start Date for Commercial Operation	<input type="checkbox"/>
7	Proof of Start Date of Commercial Production of additional capacity (in case of expansion projects only)	<input type="checkbox"/>
8	Proof of Fixed Capital Investment (Purchase Order Copy, Invoice, Delivery Receipt etc.)	<input type="checkbox"/>
9	Proof of Fixed Capital Investment for expansion projects (Purchase Order Copy, Invoice, and Delivery Receipt etc.)	<input type="checkbox"/>
9	Proof of total tax payment on net capital investment	<input type="checkbox"/>
10	Proof of additional amount of tax payment on net capital investment (in case of expansion projects only)	<input type="checkbox"/>
11	CA certified copy of the total amount incurred against fixed capital investment and corresponding tax payment along with breakup of various components	<input type="checkbox"/>
12	Self-Declaration Certificate for not being a defaulter of Sales Tax or VAT payment to the government during the last 5 years or since operation (whichever is earlier)	<input type="checkbox"/>
13	Self-Declaration Certificate of not being currently blacklisted by any Government Department, Agency or Public Sector Units	<input type="checkbox"/>
14	Proof of any loan being availed from the bank or financial institutions for the purpose of fixed capital investment (new unit or expansion project)	<input type="checkbox"/>
15	Self-Declaration Certificate on the amount claimed for VAT and Sales Tax, as per entitlement against this incentive in ICT Policy 2014	<input type="checkbox"/>
16	Certificate in support of Net VAT Paid during the period to be obtained from Commercial Tax Department in support of Claim. ( Adopt the prescribed format for VAT reimbursement under IPR 2007)	<input type="checkbox"/>

Annexure - II

Application received after the due date / incomplete in any respect shall be liable for rejection

From

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

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

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

To

The General Manager, Admin

OCAC, E&IT Dept. Govt. of Odisha

OCAC Building, Plot No. N-1/7-D

Acharya Vihar Square, BBSR

Odisha - 751013

**Sub: Application for receiving Reimbursement on Sales Tax and VAT under ICT Policy 2014**

Sir,

In accordance with the provisions laid down in ICT Policy 2014 and its operational guidelines, the details of the organization and the reimbursement claims submitted are as following:

<b>I. Details of IT/ITES/ESDM Company</b>	
1. Name of the ICT Company	
2. Date of Incorporation	
3. Name of the MD/CEO	
3.1 Name(s) of the Director(s)	
4. Details of License obtained	
5. Registration Number & Date (Issued under OVA I Act) TIN (Tax Payer's Identification Number)	
6. Registered With	<input type="checkbox"/> ROC <input type="checkbox"/> STPI

	<input type="checkbox"/> DIC <input type="checkbox"/> Others (Please Specify) .....
7. Organization PAN No.	

<b>II. Address of Applicant</b>	
1. Address of Registered Office	
2. Contact Person	
3. Email Address	
4. Mobile No.	
5. Office Telephone No.	
6. Other Offices (if any)	

<b>III. Nature and activities</b>
<b>A. Constitution of the Organization (Please Select as applicable)</b>
<input type="checkbox"/> Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Pvt. Ltd. <input type="checkbox"/> Ltd. <input type="checkbox"/> LLP <input type="checkbox"/> NGO <input type="checkbox"/> Others (Please Specify)

<b>B.1 Line of Activity/Core competency/nature/type of the Organization (Please Select)</b>
<input type="checkbox"/> IT/ITES/BPO/BPM <input type="checkbox"/> Communications/IT Infrastructure Developer/IT Park/IT SEZ <input type="checkbox"/> Startups <input type="checkbox"/> MSMEs <input type="checkbox"/> IT Product/R&D Companies/Innovation <input type="checkbox"/> Local Entrepreneurs <input type="checkbox"/> Women Entrepreneurs <input type="checkbox"/> Visual Effect , Animation, and Gaming & Entertainment <input type="checkbox"/> Creation of IT Incubation Facilities at Educational Institutes <input type="checkbox"/> Electronic system design and Manufacturing (ESDM) <input type="checkbox"/> Mega IT projects



<b>B.2 In case your organization is engaged in multiple activities, please indicate your core Competency &amp; line of activity from which maximum revenues are generated</b>	
1.	
2.	
<b>B.3 In case your core competency is in IT Product/R&amp;D activity, please give details on patents</b>	
Obtained/registered/applied for on the date of application	

<b>C.1 Existing Status</b>	<input type="checkbox"/> New <input type="checkbox"/> Operational
<b>C.2 Category</b>	<input type="checkbox"/> Domestic <input type="checkbox"/> Export Oriented <input type="checkbox"/> 100% EOU

<b>D. Investment Made in Odisha (Rs. in Lakhs)</b>		
<b>Date of first fixed capital investment i.e. land /building / plant &amp; machinery (Please specify date here in DDMMYYYY):</b>		
Plant & Machinery	Rs. _____ /-	Year -
Land & Buildings	Rs. _____ /-	Year -
Furniture and Fixtures	Rs. _____ /-	Year -
Electrical & Networking Equipment	Rs. _____ /-	Year -
Computers and Peripherals	Rs. _____ /-	Year -
Other Fixed Assets (Specify)	Rs. _____ /-	Year -
<b>Total</b>	Rs. _____ /-	Year -

<b>E. Date of commencement of commercial Production:</b> (Date on which the first invoice is raised by you on your client/customer)		
Date: Attachment		
<b>F. Place of Operation in Odisha:</b> (Tick all that apply with the corresponding office space in sq. ft.)		
<input type="checkbox"/> STPI	-	(in Sq. Ft.)
<input type="checkbox"/> SEZ	-	(in Sq. Ft.)
<input type="checkbox"/> Govt. Facility	-	(in Sq. Ft.)
<input type="checkbox"/> Incubation Center	-	(in Sq. Ft.)

<input type="checkbox"/>	Own Building	-	(in Sq. Ft.)
<input type="checkbox"/>	Other Private IT Park	-	(in Sq. Ft.)

<b>G. Performance: Last three financial years (in Rs. Lakhs)</b>			
Year	2012-13	2013-14	2014-15
Export turnover			
Domestic turnover			
Total turnover*			
*Provide Annual Reports/Audited PL & BS	Attachme nt 1	Attachm ent 2	Attachm ent 3
Name of the Financial Institution(s)/Bank(s) [in case loan is availed]			

<b>H. Employment</b>			
Total number of Employees at present	<b>Name of Location</b>	<b>No. of Employees</b>	
Employee Category	<b>Category Name</b>	<b>No. of Employees</b>	
	Technical		
	Non-Technical		
	Executive Level		
	Male		
	Female		
	Differently Abled Persons		
Employment (Last 3 years)	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>

<b>I. Incentive Applied for (Choose the appropriate incentive)</b>
<input type="checkbox"/> Exemption on Electricity Duty <input type="checkbox"/> Exemption of Electrical Inspection Fees <input type="checkbox"/> Stamp duty Refund <input type="checkbox"/> Recruitment Assistance <input type="checkbox"/> Reimbursement of Expenses for Participating in Exhibition <input type="checkbox"/> Level II Location Anchor Company Incentive <input type="checkbox"/> Reimbursement of Patent fees <input type="checkbox"/> Reimbursement of Quality Certification expenditure <input type="checkbox"/> Human capital Investment Subsidy <input type="checkbox"/> Provision for allotment of land <input type="checkbox"/> Rental incentives on Incubation Space <input type="checkbox"/> Incentives on lease Rentals <input type="checkbox"/> Interest Subsidy Reimbursement

- Capital Investment Subsidy
- Reimbursement Sales Tax and VAT
- Reimbursement of Entry Tax
- Specific Incentive for Local Enterprises

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.

**Signature of the Proprietor / Managing Partner/Managing Director / Authorized Signatory in full and on behalf of**

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

Date -  
Place -

**LETTER OF UNDERTAKING**

From

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

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

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

- 1) I/We hereby confirm that this application for reimbursement of subsidy is on the basis of the investment made or cost incurred by M/s \_\_\_\_\_ on account of the specific incentive(s) under this application in the state of Odisha on or after 16<sup>th</sup> January, 2014 for an amount of Rs. \_\_\_\_\_ (in words \_\_\_\_\_ only).
- 2) I/We shall abide by the terms and conditions prescribed under the provisions of ICT Policy, 2014 and its operational guidelines.
- 3) I/We shall repay the Subsidy received against this application or any part thereof with penal interest as decided by the authority:
  - (a) If the information stated in the application & supporting documents is found to be false/ incorrect/ misleading/ 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.
  - (b) If the industrial unit goes out of production or commercial operation for a period exceeding six months at a time for any reasons other than labor issues, want of electric power and/or network communication or for reasons beyond the control of entrepreneur / management during the period of incentives.
- 4) This industrial unit has not applied/availed reimbursement for subsidy on any of the incentives applied through this application letter earlier under any other scheme of the State Government or the Central Government or any Financial Institution(s).

I/we shall furnish audited financial statements and other periodical statements of this organization for each financial year to OCAC during the period of availing incentives.

**Signature of the Proprietor / Managing  
Partner /Managing Director / Authorized  
Signatory of**

**M/s .....**

Date -

Place -

Letter No. \_\_\_\_\_ / Date \_\_\_\_\_

**Acknowledgement**

(To be issued by the Authorized Officer / General Manager, OCAC on the day of receipt)

To

Sri \_\_\_\_\_

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

Received the application for reimbursement of incentive(s) under provision of ICT Policy 2014 and its Operational Guidelines along with the supporting documents mentioned below.

From

Person/Post .....

On Date .....

List of supporting documents received:

- 1.
- 2.
- 3.
- 4.
- 5.

Signature of authorized officer / General Manager OCAC

(with seal & date)