

FAQs relating to Special Economic Zones

1. What is a Special Economic Zone ?

Special Economic Zone (SEZ) is a specifically delineated duty free enclave and shall be deemed to be foreign territory for the purposes of trade operations and duties and tariffs.

2. Who can set up SEZs?

Any private/public/joint sector or State Government or its agencies can set up Special Economic Zone (SEZ).

3. Can Foreign Companies set up SEZs ?

Yes. FDI upto 100% is allowed through the automatic route for all manufacturing activities in Special Economic Zones (SEZs). The cases not covered by automatic route are considered and approved by Board of Approvals.

4. What is the minimum area requirement for establishment of Special Economic Zones? Is there minimum criterion for built up space?

> A Multi Product SEZ shall have a contiguous area of five hundred hectares or more but not exceeding 5000 hectares. Provided that in case a Special Economic Zone is proposed to be set up in Assam, Meghalaya, Nagaland, Arunachal Pradesh, Mizoram, Manipur, Tripura, Himachal Pradesh, Uttaranchal, Sikkim, Jammu and Kashmir, Goa or in a Union Territory, the area shall be one hundred hectares or more.

> Provided further that at least fifty per cent of the area shall be earmarked for developing the processing area

> Provided also that the Central Government may consider on merit the clubbing of contiguous existing notified Special Economic Zones notwithstanding that the total area of resultant Special Economic Zones exceeds 5000 hectares.

> A Special Economic Zone for a specific sector or [for one or more services] or in a port or airport, shall have a contiguous area of fifty hectares or more:

> Provided that in case a Special Economic Zone is proposed to be set up exclusively for electronics hardware and software, including information technology enabled services, the area shall be ten hectares or more with a minimum built up processing area of one lakh square metres for cities falling under Category 'A', fifty thousand square metres for cities classified under Category 'B' and twenty five thousand square metres for cities classified under Category 'C'.

> Provided further that in case a Special Economic Zone is proposed to be set up exclusively for handicrafts, the area shall be ten hectares or more.

> Provided also that in case a Special Economic Zone is proposed to be set up exclusively for bio-technology, non-conventional energy, including solar energy equipments/ cell, or gem and jewellery sectors, the area shall be ten hectares or more with a minimum built up area as under:

i) forty thousand square meters in case of a Special Economic Zone proposed to be set up exclusively for biotechnology and non-conventional energy sectors, including solar energy equipments/cells but excluding a Special Economic Zone set up for non-conventional energy production and manufacturing;

ii) fifty thousand square meters in case of a Special Economic Zone proposed to be set up exclusively for the gems and jewellery sector.

Provided also that in case a Special Economic Zone for a specific sector is proposed to be set up in Assam, Meghalaya, Nagaland, Arunachal Pradesh, Mizoram, Manipur, Tripura, Himachal Pradesh, Uttaranchal, Sikkim, Jammu and Kashmir, Goa or in a Union territory, the area shall be twenty five hectares or more for the Special Economic Zones not covered under the first and second provisos.

> Special Economic Zone for Free Trade and Warehousing shall have an area of forty hectares or more with a built up area of not less than one lakh square metres.

> Provided that in a stand-alone Free Trade and Warehousing Zone at least fifty per cent of the area shall be earmarked for developing processing area.

> Provided further that a Free Trade and Warehousing Zone may also be set up as part of a Special Economic Zone for multiproduct:

> Provided also that in a Special Economic Zone for a specific sector, Free Trade and Warehousing Zone may be permitted with no minimum area requirement but subject to the condition that the maximum area of such Free Trade and Warehousing Zone shall not exceed twenty per cent, of the processing area.

5. What is "" In -Principle Approval"" for setting up of SEZ.

In Principle Approval is considered when the minimum contiguous land area required for setting up of the SEZ is not in possession of the developer.

6. What is ""Formal Approval"" approval for setting up of SEZ granted?

Formal Approval for setting up of SEZ and subsequent Notification of the SEZ are considered if the land is owned by the Developer or has leasehold rights over the land for a year not less than twenty years.

7. What are the documents required for applying for Formal Approval for setting up of SEZ and Notification of the SEZ

- 1) Application in the prescribed Form 'A' for Formal Approval for setting up of SEZ (which can be downloaded from MEPZ-SEZ's website: www.mepz.gov.in) to be submitted to the Development Commissioner, MEPZ-SEZ, in case of SEZs in Tamil Nadu, along with project report.
- 2) Recommendations of the State Government
- 3) Developer's Certificate in the format enclosed.**
- 4) Encumbrance certificates in Original Possession Certificate issued by Tahsildar
- 5) A-4 Size coloured map of the proposed SEZ certified by Tahsildar.
- 6) Copy of Registered Sale deed duly notarised
- 7) Statement indicating land details i.e. list of survey numbers and their respective areas (in hectares) .

8) Other information/documents required as per prescribed check list

CHECK LIST

- (1) Name of the Developer.
- (2) Proposed area of the location of the SEZ.
- (3) Status of recommendation of the proposal by the State Government (if available).
- (4) Whether proposal is for formal or in-principle approval? (In case land is in possession of the promoter, it is considered for formal approval).
- (5) Is it a multi-product SEZ?
- (6) If it is a sector specific SEZ, the sector is.
- (7) Whether it meets the area requirements?
- (8) Area of the SEZ (in hectares).
- (9) Whether Form-A has been filed?
- (10) Whether undertaking and affidavit has been submitted?

- (11) Whether project report has been submitted?
- (12) Whether land is owned/ leased and is in possession of the Developer?
- (13) Does the proposal meet the area requirements of the Rules?
- (14) Whether the land has existing structures or is vacant?
- (15) Whether the land is contiguous?
- (16) Projected investment in the project.
- (17) Projected exports from the project.
- (18) Projected employment from the project.
- (19) Share Capital and Reserves of the Developer Company. (20) Source of funds for the project.
- (21) Net worth of the Applicant (including Group companies) duly supported by Audited Accounts of the Developer for last 3 years (for all the constituents in case the Developer is a SPV). If the company is a new company, audited accounts of Flagship Company/promoters may be provided.
- (22) Extent of FDI (if any) in million U.S. Dollars.
- (23) Source of FDI (Country and Company details may be provided).
- (24) Whether provisions contained in the Press Note No. 5 (2005 Series), issued by the Ministry of Commerce and Industry have been followed in respect of Telecom/IT SEZ development?]

On receipt of the above details, site inspection of the above SEZ will be undertaken by Development Commissioner/MEPZ officials, after which the application will be forwarded to Ministry of Commerce, New Delhi, along with the DC's Inspection Report/Recommendations and other relevant documents for consideration of Formal Approval by the Board of Approvals.

8. What are the exemptions/entitlements to SEZ Developer ?

The following exemptions are available for SEZ Developers:-

1. Payment of Customs duty for goods or services imported into SEZ for its operations and goods exported or services provided from SEZ outside India.
2. Payment of Excise duty for goods brought from Domestic Tariff Area to SEZ for its authorized operations.
3. Provided the SEZ is operationalized by 31.03.2017, developers are exempted from payment from Income Tax under the Income Tax Act as per rules in force, as follows:-
Income Tax exemption for a block of 10 years in 15 years under Section 80-IAB of the Income Tax Act. Block of 10 years will be selected at the discretion of the developer
4. Payment of Central Sales Tax for its authorized operations.
5. Payment of Service Tax under Chapter V of the Finance Act 1994 on taxable services consumed for its authorized operation.
6. Payment of VAT for the purchases made within the State of Tamil Nadu under TN VAT Act.

9. What are the exemptions / entitlements available for SEZ units?

1. Payment of customs duty for goods or services imported into SEZ for its operations and goods exported or services provided from SEZ outside India.
2. Payment of Excise duty for goods brought from Domestic Tariff Area to SEZ for its authorized operations.
3. Provided that the unit commences commercial operations by 31.03.2020, SEZ Units are exempted from payment from Income Tax and other taxes under the Income Tax Act as per rules in force, as follows:-
 - 100% Income Tax exemption for SEZ units under Section 10AA of the Income Tax Act for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years. Income tax benefit as mentioned above is available on the profits out of exports made out of India.
4. Payment of Central Sales Tax for its authorized operations.

5. Payment of Service Tax under Chapter V of the Finance Act 1994 on taxable services consumed for its authorized operation.
6. Payment of VAT for the purchases made within the State of Tamil Nadu under TN VAT Act.
- 7. Units are also entitled for MEIS/SEIS scrips subject to fulfilment of eligibility criteria prescribed for the scrips.**

10. How to set up a unit in SEZ ?

For setting up a manufacturing, trading or service units in SEZ, application, along with project report and required documents shall be submitted to the Development Commissioner of the SEZ concerned which will be then be placed before the Unit Approval Committee for consideration.

UAC will consider all applications for setting up a unit except those falling under the purview of the Board of Approvals..

CHECK LIST OF APPLICATION FOR SETTING UP SEZ UNITS

1. Name & Address of the applicant:
2. Whether the application has been submitted in five sets and duly completed in all respects:
3. Is project report submitted in five sets:
4. Whether application fee of Rs.10,000/- by way of DD in favour of Pay & Accounts Office, Ministry of Commerce, Chennai have been submitted:
5. Is the application signed on all the pages:
6. Has the undertaking in the application been signed?

Has the affidavit as indicated in the application form been furnished in Rs.20/- non-judicial stamp paper:

7. Whether IEC details are given in case of existing exporter?
8. Whether E Mail address is given?
9. Whether Income Tax Pan No. is given:
10. Whether Copy of Certificate of Incorporation along with Articles of Association & Memorandum of Association (in case of companies) and Partnership deed (in case of partnership firms) attached:
11. Whether a letter from the Developer confirming the allotment of space have been submitted:
12. Whether Dollar conversion rate is given:
13. Whether any sector specific restriction is there and the conditions as per SEZ Rules fulfilled:
14. Does the project cost and pattern of investment tally?
15. Is the list of imported/indigenous capital goods given?

16. Is the list of imported/indigenous raw materials given?
17. Is the evidence for buy/back/marketing tie-up furnished?
18. Are the names & addresses and bio-data of the Directors along with **proof of address** given?
19. Whether present activity of the applicant given?
20. Details of manufacturing process with flow chart given?
21. Whether projected profit and loss statement given?
22. Whether the Net Foreign Exchange Earnings projected is on the positive side?
22. Whether source of finance is indicated?
24. Whether audited balance sheet of the company for the last three years enclosed (In case of new companies, copies of IT returns of the Directors for last three years to be submitted)

11. What is the obligation of the Unit under the Scheme?

- SEZ units have to achieve positive net foreign exchange earnings as per the calculation provided under Rule 53 of SEZ Rules, 2006. .
- SEZ Units have to execute a Legal Undertaking . with the Development Commissioner.
- The units have to submit Annual Performance Reports in the prescribed format, duly certified by a Chartered Accountant.
- The units are also to execute a bond with the Zone Customs for their operation in the SEZ.

12. Can the entire production be sub-contracted by an SEZ Unit?

Production can be sub-contracted by an SEZ unit, upto the value of goods produced by the unit in its own premises in the preceding financial year and for the first year of operation, it shall be restricted to the value of goods produced by the unit in its own premises during the first year of production. .

13. What are the facilities for Domestic suppliers to Special Economic Zone ?

Supplies from Domestic Tariff Area (DTA) to SEZ to be treated as physical export. DTA supplier would be entitled to :

- Drawback/DEPB
- CST Exemption
- Exemption from State Levies
- Discharge of EP if any on the suppliers
- Income Tax benefit as applicable under the Income Tax Act

14. What is the processing and non-processing area of an SEZ ? Who is the authority to demarcate the processing and non-processing area? Are duty and tax benefits available for infrastructure in the NPA?

The processing area is that portion of area in a SEZ where units can be located for manufacture of goods or rendering of services. Duty and tax benefits are available both for initial setting up of and for operation of maintenance of facilities in the Processing Area of an SEZ.

The non-processing area of a SEZ is the area which is intended to support the activities in the processing area may include commercial and social infrastructure.

In terms of Rule 11-A to SEZ Rules, 2006, inserted vide Notification dated 02.01.2015 issued by Ministry of Commerce, New Delhi, the non-processing area of a SEZ can be divided into two portions viz. where the social or commercial infrastructure and other facilities are permitted to be used only by Special Economic Zone entities: and where the social or commercial infrastructure and other facilities are permitted to be used by both the Special Economic Zone and Domestic Tariff Area entities: The infrastructure, as may be approved by the Board, used exclusively for SEZ entities, shall be eligible for exemptions, concessions and drawback. However, in case of dual use of infrastructure, no exemptions, concessions or drawback shall be admissible .

The processing and non-processing areas will be demarcated by the Development Commissioner of the SEZ concerned.

15. Are exemptions available for operation and maintenance of infrastructure in the non-processing area of the SEZ?

No import of duty free material is available for operation and maintenance of non-processing area of SEZ in terms of Rule 27(3) of SEZ Rules.

16. Who is a Co-Developer?

The infrastructure facilities of the SEZs are normally provided by the Developer. However, the developer may bring in a Co-developer for the purpose of developing infrastructure by entering into an agreement with the co-developer. The application for co-developer status has to be filed with the Development Commissioner of the SEZ who will place the application for consideration of the Board of Approvals .

17. Whether sale of land/built-up space in a SEZ permitted.

No. Land or built-up space in a SEZ cannot be sold, but can only be leased to a co-developer or unit holding a valid Letter of Approval.in accordance with SEZ Act and SEZ Rules.

18. Is Foreign Direct Investment (FDI) allowed for establishment of an SEZ?

Foreign Direct Investment, upto 100%, for setting up of SEZ is permissible under automatic route. Wherever approval from Central Government is required, the same can be given by Board of Approval. However, it should be ensured by the promoter that his equity does not fall below 51%. In case the promoter decides to decrease the shareholding below 51%, then prior approval of BOA must be taken. (Instructions No:23 of Department of Commerce)

19. What are the default authorized operations which can be undertaken by the Developer/approved Co-developer by default from the date of the Notification?

Consolidated list of default authorized operations which can be undertaken by the developer/approved co-developer by default from the date of notification is contained in the Department of Commerce Instruction No:50 dated 15.03.2010 available on the website sezindia.nic.in

The DC's/UAC's may allow Developer/approved Co-developers duty free goods and services for these default authorized operations from the date of notification of the SEZ. These authorized operations will, however, continue to be subject to the various guidelines issued by Government from time to time. Approval Committees while approving goods and services for such default operation may look into the actual requirement of the SEZs for such operations.

For other authorized activities, not contained in the enclosed list to Instruction 50 Developer/co-developer will have to obtain prior approval of Board of Approval through the concerned DC.

20. Is there a default list of specified services identified for service tax exemption?

A list of 66 specified services for service tax exemption, as indicated below, has been identified for SEZs .which could be permitted by the Unit Approval Committees as default specified services, which is uniformly applicable to SEZs across the country. Services not covered under the default list of specified services can be permitted by UACs on a case-to-case basis. The list of default specified services for service tax exemption can also be viewed on the website of MEPZ-SEZ www.mepz.gov.in

S.No.	Name of the Specified Service
1	Airport Authority Services
2	Architect's Services
3	Asset Management Services
4	Advertising Agency Services
5	Airport Services
6	Banking and Other Financial Services
7	Business Exhibition Services
8	Cargo Handling Services
9	Chartered Accountant Services
10	Cleaning Activity Services
11	Clearing & Forwarding Agents Services
12	Commercial or Industrial Construction Services
13	Company Secretary Services
14	Computer Network Services
15	Consulting Engineer's Services
16	Cost Accountant Services
17	Courier Services
18	Credit Rating Agency Services
19	Customs House Agent Services
20	Commercial Training & Coaching Services
21	Convention Services
22	Copyright Services
23	Design Services
24	Development & Supply of Content Services
25	Erection, Commission and Installation Services
26	General Insurance Business Services
27	Goods Transport Agency Services
28	Information Technology Software Services
29	Interior Decorator Services
30	Internet Communication Services
31	Intellectual Property Services
32	Legal Consultancy Services
33	Management, Maintenance or Repair Services
34	Manpower Recruitment and Supply Agency Services
35	Market Research Agency Services
36	Other Port Services
37	Outdoor Caterer Services
38	Packaging Activity Services
39	Port Services
40	Processing & Clearing House Services
41	Renting of Immovable Property Services
42	Security Agency Services
43	Site Formation & Clearance, Excavation, Earth Moving Services

44	Storage & Warehousing Services
45	Supply of Tangible Goods Services
46	Survey & Map Making Services
47	Scientific or Technical Consultancy Services
48	Sound Recording Studio or Agency Services
49	Technical Inspection and Certification Services
50	Technical Testing and Analysis Services
51	Telecommunication Services
52	Transport of goods by Air Services
53	Transport of goods by Rail Services
54	Transport of goods by Road Services
55	Works Contract Services
56	Transport of goods Services
57	Construction Services
58	On-line Information and Database Access Services
59	Rent-a-cab operator's service
60	SEZ online service
61	Air Travel Agent Services
62	Rail Travel Agent's Services
63	Travel Agent's Services
64	Business Support Services
65	Transport Passengers by Air Services
66	Accommodation Services

21. Is there any minimum investment criteria for setting up a unit in SEZ ?

There is no minimum investment criteria for setting up a SEZ Unit.

22. Is there any export obligation for SEZ unit ?

There is no export obligation. However, the SEZ unit has to achieve positive NFE during its 5 year period of operation, as per calculation prescribed under Rule 53 of SEZ Rules, 2006.

23. Please provide basic details of notified SEZs in Tamil Nadu.

The details of notified SEZs in Tamil Nadu (both operational SEZs and non-operational SEZs along with the land vacancy position of each SEZ are available on the website of MEPZ-SEZ:- www.mepz.gov.in

24. What is the role of Government of Tamil Nadu for promotion of SEZs in the State?

With the recommendations of the Government of Tamil Nadu, SEZs have been set up in several parts of the State. As on date, there are 51 Notified SEZs in Tamil

Nadu, out of which 36 SEZs are Operational. The total exports effected by these Operational SEZs in Tamil Nadu during 2015-16 is Rs. 82717 crores. These SEZs cover various sectors like IT/ITES, electronic hardware, engineering, footwear, apparels, textiles etc.

The SEZ Units in Tamil Nadu are exempt from State taxes like Turnover Tax, Sales Tax and Value Added Tax (VAT). The Government of Tamil Nadu has accorded Public Utility Status to units in SEZs under the Industrial Disputes Act.

SIPCOT, a Government of Tamil Nadu Undertaking is the developer of 7 Sector Specific Special Economic Zones (SEZs) across Tamil Nadu out of which 5 are operational SEZs. SIPCOT also acts as a Nodal Agency of Government of Tamil Nadu in the sanction and disbursement of Structured Package of Assistance to large industrial units.

As per the policy directive of Government of Tamil Nadu, Electronics Corporation of Tamil Nadu Limited (ELCOT) , a Government of Tamil Nadu Undertaking , is engaged in the promotion of Information Technology Parks in Tier I and in the Tier II cities such as Madurai, Tiruchirapalli, Hosur, Salem, Coimbatore, Tirunelveli, and Vellore. ELCOT is the developer of 8 sector specific SEZs for Information Technology / Information Technology Enabled Services , out of which 4 SEZs are currently operational.

Single Window facilitation

Government of Tamil Nadu has designated Guidance Bureau as the "Documentation and Clearance Centre" to accept common application form for obtaining all pre-project state-level approvals and infrastructure support. Government has notified that the common application designed by Guidance Bureau will be effective from 1st January 2002 for all major investment proposals.

For additional information, please contact:

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25. What is the role of the Development Commissioner, MEPZ-SEZ?

The Zonal Development Commissioner, MEPZ SEZ has Administrative Jurisdiction and is the monitoring authority in respect of:-

SEZ Units located within the MEPZ-SEZ

SEZs developed by the State Government/ Private sector in the State of Tamil Nadu, UT of Puducherry and Andaman & Nicobar Islands

EOUs located in the state of Tamil Nadu, UT of Puducherry and Andaman & Nicobar Islands

MEPZ Special Economic Zone (formerly known as Madras Export Processing Zone) is a Multi Product SEZ located at Tambaram, Chennai set up by the **Central Government in 1984**. The SEZ became operational in 1986. It was converted as a Special Economic Zone with effect from 1.1.2003 in line with the SEZ Policy of the Government. There are 125 units set up in the SEZ covering various sectors.

For further details, please visit the website of MEPZ-SEZ : www.mepz.gov.in

(contd.)

FAQs relating to 100% Export Oriented Units (EOUs)

1. What is an EOU?

The objective of EOU scheme is to promote exports, enhance foreign exchange earnings and attract investment for export production and employment generation.

2. Who is eligible to become an EOU?

Units undertaking to export their entire production of goods and services (except permissible sales in DTA) may be set up under the Export Oriented Scheme (EOU).

3. What is the investment criteria?

Only projects having a minimum investment of Rs. 1 Crore in Plant & machinery shall be established as EOUs. However, this shall not apply to existing units, EOUs in Handicrafts/Agriculture/Floriculture/Aquaculture/Animal Husbandry/Information Technology, Services, Brass Hardware and Handmade jewellery sectors. BOA may allow establishment of EOUs with a lower investment criteria.

4. Where can I find the details and procedures?

The EOU Policy and procedures are given in Chapter 6 of Foreign Trade Policy 2015-20 & Hand Book of Procedures 2015-2020.

5 What are the sectors that can be set up under EOU scheme?

EOU can be set up for manufacture of goods, including repair, re-making, reconditioning, re-engineering, rendering of services, development of software, agriculture including agro-processing, aquaculture, animal husbandry, bio-technology, floriculture, horticulture, pisciculture, viticulture, poultry and sericulture. Trading units are **not** covered under this scheme. Sector specific conditions are available in Appendix 6B of FTP 2015-20

6. Whether Conversion of existing DTA/EPCG (Export Promotion Capital Goods) units to EOU Scheme is possible?

Yes

7. How to apply for EOU?

For setting up an EOU, fifteen copies of application as in ANF 6A of Appendices to [FTP 2015-2020](#) along with DD for Rs.5000/- drawn in favour of Pay and Accounts Officer, Ministry of Commerce & Industry payable at New Delhi towards application fee & detailed project report may be submitted to

Development Commissioner, MEPZ SEZ. The following documents have to be submitted along with application.

1. Residence proof in respect of individual/partnership firms of all Directors/Partners. (Passport/ration card/driving licence/voter identity card/Aadhar card or any other proof to the satisfaction of Development Commissioner);
2. Income Tax return of all the promoters for the last three years.
3. Evidence for marketing tie-up
4. A copy of registered lease deed executed for minimum 6 years.
5. Bio-data of the promoters
6. Process flow chart, list of imported/indigenous capital goods & raw materials.
7. Copies of Pan card, IE code
8. In case of existing companies, copies of audited balance sheet for last three years

8. What are the mandatory clearances from State Government?

Pollution Clearance Certificate. Approval of building plan in cases where building is proposed to be constructed. Registration as a small scale industrial unit, if applicable Registration under Factories Act.

9. What is the time frame involved for issue of Letter of Permission (LOP)?

Applications for setting up units under EOU scheme will be approved or rejected by Unit Approval Committee within 15 days, as per criteria indicated in Appendix 6A of Appendices & ANFs and sector specific conditions relating to approval as in Appendix 6 B of Appendices & ANFs. In other cases approval will be granted by Development Commissioner after clearance by BOA. On approval of UAC, the LOP will be issued to the applicant.

10. What are the post LOP formalities?

Approved EOU shall execute an LUT (Legal Undertaking) with Development Commissioner as in Appendix 6 E of Appendices & ANFs. A Green Card will be issued to the unit by the Zone Administration on request.

The manufacturing and other activities have to be undertaken under customs bond for which formal application is to be made to the jurisdictional Assistant Commissioner/Deputy commissioner of the Customs/ Central Excise for issuance of a Private Custom Bonded Warehouse Licence under section 58 and 65 of the Customs Act, 1962.

11. How long is the LOP valid ?

The LOP issued is valid for two years for commencement of commercial production. Failing commencement, extension of one year period will be granted by Development Commissioner for valid reasons to be recorded in writing. Subsequent extension of one year will be considered by Unit Approval Committee subject to the condition that two-thirds of activities including construction, relating to the setting up of the unit are complete and Chartered Engineer's certificate to this effect is submitted by the Unit. Further extension if necessary, will be granted by the Board of Approval. Application for extension is available in ANF 6B of Appendices/ANFs

Once the unit commences production, LOP/LOI issued shall be valid for a period of five years for its activities. This period may be extended further by Development Commissioner for a period of five years at a time.

12. What is B-17 Bond?

B-17 Bond is a multi – purpose surety bond which the unit has to execute with the jurisdictional Assistant/Deputy Commissioner Customs/ Central Excise on a non-judicial stamp paper. (Format of the Bond is prescribed under Notification no 6/98 CE (N.T) dt. 2/3/98).

13. What are the approvals to be obtained from other Government Agencies?

- The EOU has to secure power allocation and wiring approval from the State Electricity Board.
- Approval for industrial water supply
- The unit has to register under the State Government Sales Tax Act and Central Sales Tax Act.
- In case the unit already has a registration with the State Sale Tax Department the address of the additional premises should also be endorsed in the registration certificate.
- The unit has to take Small Scale Industry (SSI) Registration from the District Industries Centre to apply for State Government's Investment Subsidy.
- In case there are effluents or emissions the unit has to secure approval from the Pollution Control Board.
- Every Zone has a Statutory Single Window Clearance Board. For further details visit our website of MEPZ SEZ at www.mepz.gov.in.

14. What are the benefits available to the EOU units?

The 100% EOU's are governed under Chapter 6 of Foreign Trade Policy Provision. The benefits to 100% EOU units as per the FTP are as follows:

- Import and/or procure from DTA or bonded warehouses in DTA/International exhibition held in India, without payment of duty all types of goods including Capital Goods required for its approved activities provided they are not prohibited items of import in the ITC(HS).
- Entitlement of 50% DTA sale on FOB value of exports made
- Reimbursement of Central Sales Tax on goods procured from DTA.
- Reimbursement of duty paid on fuel procured from Oil companies/Depots of PSUs.
- CENVAT Credit on Service Tax paid.

Other Entitlements:

- Exemption from Industrial Licensing for manufacture of items reserved for SSI sector.
- Export proceeds will be realised within 12 months.
- Units will be allowed to retain 100% of its export earnings in the EEFC accounts.
- Units will not be required to furnish bank guarantee at the time of import or going for job work in DTA subject to certain conditions.
- 100% FDI Investment is permitted through automatic route similar to SEZ units.
- Units shall pay duty on the goods produced or manufactured and cleared into DTA on monthly basis in the manner prescribed in the Central Excise Rules.

15. What is the obligation of the 100% EOU unit?

- 100% EOU unit have to achieve positive net Foreign Exchange Earnings as per the calculation provided in Para 6.10 of the Hand Book of Procedures 2015-2020.
- The 100% EOU has to execute Legal Undertaking with the Development Commissioner. The format of Legal Undertaking is given in Appendix 6 E of Appendices & ANFs.
- The unit has to file Annual Performance Report (APR) online and submit CA certified APR (Hard copy) within a period of 90 days following the close of the financial year.
- The unit also has to file Quarterly Performance Report (QPR) online on completion of each quarter and submit hard copy of the same.

16. What are the procedures for DTA sale?

The DTA sale entitlement for different sectors are elaborated in Para 6.08 of Foreign Trade Policy. The application for DTA sale is prescribed in ANF 6C of Appendices to FTP.

FAQs relating to CST reimbursement

1. Who is eligible for CST Reimbursement?

The Export Oriented Units (EOUs) will be entitled to full reimbursement of CST paid by them on purchases made from the DTA/EOU/SEZ units (wef 01.04.2015), for production of goods and services as per EOU scheme.

2. How to apply CST Reimbursement Claim?

Procedures are laid down in Appendix 6H of [FTP 2015-20](#). Submit, application for claiming reimbursement of CST as per the form prescribed in Annexure 1 and CA certificate and CA table as prescribed in Annexure – II

3. What is the periodicity of the claim?

CST reimbursement claim should be submitted on quarterly basis only. (Viz .(April to June, July to Sep, Oct to Dec and Jan to March).

Q4. What is MRR No. & Date in CA table?

The date of receipt of goods inside the bonded premises is the MRR (Material Receipt Register) date. The claim period therefore should be reckoned quarter wise to match the receipt of goods as per the MRR date in the Material Receipt register.

Q5. Are there any time limits for submissions of CST claims?

Yes, the application for claiming reimbursement should be filed within a period of 6 months from the completion of the quarter in which the claim has arisen. If not submitted in time, late cut will be imposed as para 9.2 of FTP.

1.	Application received after the expiry of last date but within six months from the last date.	2%
2.	Application received after six months from the prescribed date of submission but not later than one year from the prescribed date.	5%
3.	Application received after 12 months from the prescribed date of submission but not later than 2 years from the prescribed date.	10%

DISCLAIMER:- The FAQs and replies provided thereto relating to Special Economic Zones, Export –Oriented Units and CST Reimbursement hosted on the website of the Office of the Development Commissioner, MEPZ-SEZ (www.mepz.gov.in) are only intended to benefit the investors. In case of any differences between the replies to the FAQs provided and the policy, laws and procedures relating to SEZs, EOUs and CST, the latter shall prevail.