Procedures followed by Incentive Dept.

Structured Package of Assistance (SPA):

- Govt. vide G.O.Ms.No.5 Inds.(MIF.1) Dept., Dt.12.01.2009 issued guidelines for implementation of Structured Package of Assistance (SPA) and also ordered that Financial Incentive for all Structured Package will be dealt by SIPCOT as Nodel Agency.
- Incentives extended to various categories of Industries are as per the Industrial Policy of Govt. of Tamil Nadu.
- Govt. sanctions SPA for each project of the company based on Industrial Policy besides considering the socio-economic benefits accrue to the State and the Govt. issues G.O. for sanctioning the same.

In general, the system followed at SIPCOT with regard to SPA besides adhering to the directions given in the G.O. issued to the company concerned for sanctioning SPA are as follows:

1. The companies to whom Govt. Orders are issued, after commencement of commercial production during the obligation period / after completion of the obligation period shall submit application to SIPCOT for availing SPA except for the company for which specific directions given in the G.O. for availing incentives prior to commencement of commercial production.
2. The applicant company along with the processing fee of Rs.50,000/- with applicable GST has to file their online application and upload copies of G.O., MoU, Statutory Auditors Certificate (S.A.) for the investment in made during the obligation period, Chartered Engineers Certificate (C.E.) for the buildings constructed during the obligation period/after completion of obligation period (in the prescribed formats which are available in SIPCOT Portal) and other documents as per check list attached in the application.
3. For availing various incentives covered in one SPA sanctioned by Govt. to the applicant company, SIPCOT collects processing fee from the applicant one time only.

4. The S.A. Certificate should be in the prescribed format and it should contain investment made during the obligation period by mentioning starting date of investment and ending date of investment as prescribed in the G.O. in case if the company applies for incentive on completion of investment period.

5. In case of Interim period, the S.A. has to certify the starting date of investment and ending date of investment. The starting date of investment should be as per G.O.

6. The S.A. Certificate should contain the pre-Op. Expenditure capitalized /to be capitalized. If it is capitalized, whether it has been apportioned among the building and Plant & Machinery. Amount payable to creditors at the end of investment period, if any, investment made on the brand new machineries, investment made on second-hand machinery, if any as prescribed in the application.

7. In case of expansion scheme, the company has to furnish the S.A. Certificate on the production achieved/sales made during the last three years/for the period if any specified in the G.O. prior to the commencement of commercial production, installed capacity in terms of quantity etc. for fixing the base volumes and the base volume to be fixed in line with the G.O. issued sanctioning SPA to the applicant company.

8. In case of multiple products involved, the base volume may be fixed as per G.O.

9. The application received along with supporting documents have to be processed on the details of investment made under various heads viz. Land, Building, Plant & Machinery etc. and the detailed list furnished by the applicant to be verified for its creation, arithmetic accuracy, repetition of any item and employment created etc.

10. In case if the applicant company submits insufficient details, specifying the details required at once, they have to be addressed to submit the additional details.

11. On receipt of all the required details, inspection of the beneficiary unit by SIPCOT officials to assess the implementation of project, commencement of commercial production, to test check the investment made (High Value Machineries) and employment created will be carried out. During the inspection, if any, details required will be called for.

- The requirement of details generally asked at the time of inspection are:

    a. Name of the Executives present at the time of inspection.
    b. Computer generated attendance for the no. of employees working in all shift / EPF remittance challan
    c. Copy of TNPCB Consent in force.
    d. Copies of Central / State Govt. approvals
    e. Source of water of operation of the unit
    f. Copy of Power Sanction from TANGEDCO /permission for Wind and Solar Farms from TANGEDCO/ Power consumption Bill with indication of adjustment of power generated from Captive Power Source for applicable industries.
    g. CSR Activities report etc.
    h. Process flow chart of product.
    i. Production achieved for the last year and upto the date of inspection.
    j. Random checking of Invoices for the High Value Machineries.

12. Inspection report will be prepared and submitted.

13. On submission of all required details, an appraisal note to arrive the investment made in Eligible Fixed Assets (EFA) have to be prepared based on the S.A./C.E. Certificates, details furnished, inspection report and G.O. for issue of Final Eligibility Certificate (E.C.) if the investor commitment as per G.O. are fulfilled.

14. Whereas in case of Interim investment period issue of Interim E.C. may be processed without waiting for fulfillment of commitments by the applicant, however it should be verified with the G.O. sanctioning SPA to the applicant company on the conditions if any exists.

15. The file shall be put up for issue of Interim /Final E.C. along with draft E.C. to be issued to the beneficiary units for approval of MD routing the file through Internal Audit Dept.

16. Once the Eligibility Certificate is approved, E.C. addressed to the applicant company with a copy to MoU Cell of Commercial Tax Dept. (Tax related incentive), Industries Dept., Govt. of Tamil Nadu and Legal Dept. and Finance Dept. of SIPCOT shall be uploaded in SIPCOT Portal.

17. If the applicant company do not fulfill the obligations, a report will be sent to Govt. for its orders and on receipt of orders, the same shall be communicated to the company requesting the details if any to be submitted by the company (or) based on Govt. orders file to be put up for issue of EC as the case may be.

18. Based on the EC, the beneficiary units shall execute the legal documents with SIPCOT in co-ordination with Legal Dept. and also request the MoU Cell of CT Dept. to issue the tax paid/payable certificate.

19. The Legal Dept. forwards the draft legal documents to Incentives Dept. for verification of facts & figures in the draft legal document and on verification, Incentive Dept. forward the same to Legal Dept. for further course of action/executing the legal documents after getting orders from MD.

20. The Joint Commissioner/Deputy Commissioner of Commercial Taxes, Special Cell for MoU Companies (MoU Cell) uploads Tax Paid Certificates (TPC) in SIPCOT Portal by mentioning the eligible amount for refund, Tax Paid Period etc. based on the G.O. and E.C. issued by SIPCOT.

21. On confirmation from the Legal Dept. of SIPCOT in respect of execution of legal documents by the company, based on the Tax Paid Certificate received from MoU Cell of CT Dept. and availability of funds in PD account, disbursement note will be prepared and get the approval from MD. After approval the file is forwarded to Finance Dept. for online disbursement of the same to the beneficiary unit's (company) bank account.

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