



Government of Maharashtra

## **Industrial Promotion Subsidy (IPS) under Industrial Policy – modification under Goods and Services Tax (GST) regime**

The Government of Maharashtra provides a basket of incentives under its Industrial policy to eligible manufacturing units. The main incentive, Industrial Promotion Subsidy (IPS) was linked to Value Added Tax (VAT) and Central Sales Tax (CST). Under the GST regime CST and VAT have been subsumed in Goods and Services Tax, therefore, there is a need to modify the formula for Industrial Promotion Subsidy.

Keeping intact other incentives under Package Scheme of Incentives, the formula for admissibility of Industrial Promotion Subsidy is revised based on Goods and Services Tax as under,

### **1. Industrial Promotion Subsidy to Mega, Ultra Mega units -**

A. Incentives to such units which have been issued offer letter under Package Scheme of Incentives 2001, 2007 and 2013 and offer letters to be given henceforth under Package Scheme of Incentives 2013:

- Formula for units IPS is based on 100% or 50% Gross Value Added Tax

"As per Taluka classification, 100% or 50% Gross State Goods and Services Tax on first sale within Maharashtra State".

- Formula for units which have been given offer letter based on 100% Net Value Added Tax.

"100% Net State Goods and Services Tax for first sale within Maharashtra State".

### **2. For units under above both categories, incentives will be admissible subject to following conditions.**

- A. The average annual amount of total incentives payable to these units will be limited to total incentives divided by total period for availing of incentives.
- B. The amount of extra incentives over the average of concerned year will be admissible in the following next year.
- C. For automobile manufacturing sector, Industrial Promotion Subsidy based on State Goods and Services Tax will be admissible on vehicles manufactured and registered with the Transport Department of Maharashtra State.
- D. In case of different business verticals, for supply of inter unit transfers, Goods and Services Tax even if applicable, will not be refunded as part of Industries Production Subsidy.





Government of Maharashtra

### **3. Industrial Promotion Subsidy to be given to Large category of units -**

"As per Taluka classification, stipulated 60% to 100% Net State Goods and Services Tax for first sale within Maharashtra State".

### **4. Industrial Promotion Subsidy to be given to Micro, Small and Medium Units -**

Industrial Promotion Subsidy will be admissible to these units as per following formula.

"100% Gross State Goods and Services Tax for first sale within Maharashtra State".

### **5. Industrial Promotion Subsidy to be given to units based on Exemption / Deferred tax liability -**

For such units, the incentives payable in form of exemption of taxes or deferment of tax liability will be converted in form of Industrial Promotion Subsidy. The formula for such annual Industrial Promotion Subsidy will be as follows -

- Industrial Promotion Subsidy for units based on exemption of tax will be as per following formula -

"100% Gross State Goods and Services Tax for first sale in the State".

- For units based on deferred tax liability, Industrial Promotion Subsidy admissible will be by converting it to loan as per following formula -

"100% Gross State Goods and Services Tax for first sale in the State. The repayment of IPS will be as per terms and conditions of deferred tax liability scheme".

### **6. These changes will be applicable with effect from 01/07/2017.**

