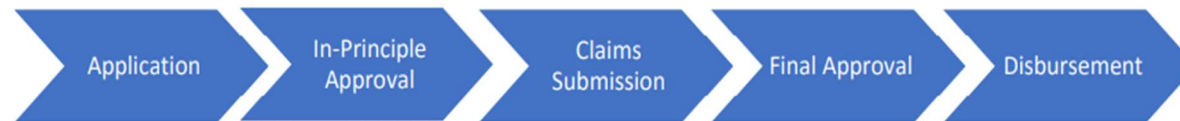


Implementation Guidelines for Gujarat IT / ITeS Policy (2022 – 27)

Recently, the Gujarat state in India unveiled its new “IT/ITeS Policy 2022-27”, replacing the old IT & ITeS Policy 2016-21. The new policy offers both capital (CAPEX) and operational (OPEX) support to information technology (IT) firms making investments in Gujarat and promises to generate 100,000 direct jobs. We list the various incentives with their timelines announced under the Gujarat IT/ITeS Policy 2022-27, which aims to make Gujarat a leading IT hub in India.

➤ THE FOLLOWING PROCEDURE WILL BE FOLLOWED FOR AVAILING ANY INCENTIVES UNDER THIS POLICY:



➤ ELIGIBLE CAPEX EXPENDITURE:

- A. Capital expenditure as per GFCI.
- B. Stamp Duty and Registration Fees paid to the Government for lease/sale/transfer of land and office space.
- C. Renewable energy expenditure

(The Eligibility period for claiming Capex support under given heads for **New unit** will be from 1st investment bill or 07-02-2022, whichever is later to 2 years from the start of commercial operations, while for **Expansion unit**, it will be from 1st investment bill from the month of declaration of expansion or 07-02-2022, whichever is later to 2 years from the month of achievement of ‘Eligible Employee Count (for Expansion)’).

➤ **ELIGIBLE OPEX EXPENDITURE:**

- A. Lease rental expenditure
- B. Bandwidth expenditure
- C. Cloud rental expenditure
- D. Power tariff expenditure
- E. Patent expenditure

(The Eligibility period for claiming Opex support under given heads will be 5 years starting from the ‘Month of Eligibility’, or in-principle approval, whichever is later).

➤ **HEAD-WISE ELIGIBLE CLAIMS UNDER IT/ITeS POLICY:**

1. CATEGORY WISE SUPPORT FOR PROJECTS

I. PROJECTS WITH — GFCI LESS THAN INR 250 CR:

INCENTIVE CATEGORY	DESCRIPTION OF SUPPORT	DISBURSEMENT
Capex support	All eligible IT/ITeS units are entitled to one-time CAPEX support of up to 25 per cent of the eligible CAPEX expenditure, subject to a maximum ceiling of INR 50 Cr.	The disbursement will be done in twenty (20) equal quarterly instalments.
Opex support	All eligible IT/ITeS units are entitled to OPEX support of up to 15 per cent of the annual eligible OPEX expenditure, subject to a maximum ceiling of INR 20 Cr. per year for a period of five years from the date of eligibility.	The disbursement will be done in quarterly instalments.

II. MEGA PROJECTS: GFCI MORE THAN INR 250 CR

INCENTIVE CATEGORY	DESCRIPTION OF SUPPORT	DISBURSEMENT
Capex support	All eligible projects are entitled to one-time CAPEX support of up to 25 per cent of the eligible CAPEX expenditure, subject to a maximum ceiling of INR 200 Cr.	The disbursement will be done in twenty (20) equal quarterly installments.
Opex support	All eligible projects are entitled to OPEX support of up to 15 per cent of the annual eligible OPEX expenditure, subject to a maximum ceiling of INR 40 Cr. per year for a period of five years from the date of eligibility.	The disbursement will be done in quarterly installments.

2. SPECIAL INCENTIVES

INCENTIVE CATEGORY	DESCRIPTION OF SUPPORT	ELIGIBILITY PERIOD	CLAIM APPLICATION & SUBMISSION
Employment Generation Incentive (EGI)	It is applicable for new local employees hired and retained for a minimum period of one year at 50 per cent of one month's CTC up to INR 50,000 per male and INR 60,000 per female employee for Eligible IT / ITeS units.	For New Units: 5 years starting from the date of incorporation, or in-principle approval, whichever is later, up till 31 March 2027. For Expansion Units: 5 years starting from the date of declaration of expansion, or in-principle approval, whichever is later, up till 31 March 2027.	For New Unit & Expansion Unit: § Must submit first annual claim within 1 year from the end of the eligible period of the claim.



<p>Atmanirbhar Gujarat Sahay Rojgar</p>	<ul style="list-style-type: none"> • 100 per cent of employer's statutory contribution under EPF amount paid in case of female employees • 75 per cent of the employer's statutory contribution under EPF amount paid in case of male employees • The ceiling of incentive amount per employee will be 12 per cent of the employee's basic salary plus applicable Dearness Allowance (DA) and retaining allowance 	<p>For New Unit & Expansion Unit: 5 years starting from the 'Month of Eligibility', or in-principle approval, whichever is later.</p>	<p>§ Subsequent annual claims must be submitted before the end of the succeeding financial year.</p>
<p>Electricity Duty Incentive (EDI)</p>	<p>Entire duty of electricity paid to the government</p>	<p>For New Unit & Expansion Unit: 5 years starting from the 'Month of Eligibility', or in-principle approval, whichever is later.</p>	
<p>Interest Assistance</p>	<p>Eligible IT/ITeS units will be entitled to interest subsidy at 7 per cent on term loan or the actual interest paid, whichever is lower with a ceiling of INR1 Cr. per annum.</p>	<p>For New Unit & Expansion Unit: 5 years starting from the actual interest repayment.</p>	

3. TIER-II: UPSKILLING INDUSTRY-READY TALENT

DESCRIPTION OF SUPPORT	ELIGIBILITY PERIOD	CLAIM APPLICATION & SUBMISSION
(DBT) up to a maximum of INR 50,000 per course or up to 50 percent of the course fee, whichever is lower.	Any Individual Beneficiary can apply for a maximum of two courses/certifications on the Incentive Management Portal per financial year up to a total of five courses during the operative period of the Policy.	Must upload course completion certificate within three months of receipt of course completion certification

4. IT CITY / TOWNSHIP

DESCRIPTION OF SUPPORT	ELIGIBLE PERIOD	CLAIM APPLICATION & SUBMISSION	DISBURSEMENT
<p>All eligible applicants (As determined by SLEC) are entitled to one-time CAPEX support of up to 25 per cent of the eligible CAPEX expenditure, subject to a maximum ceiling of INR 100 Cr.</p> <p>Such support shall be provided as a reimbursement towards actual expenditure incurred for</p>	<p>From: 1st investment bill towards construction after receipt of in-principle approval</p> <p>To: § In case the project is developed in a single phase, then 2 years from the receipt of Occupancy Certificate / Building Use (BU) permission for the IT Office building or 31 March 2028 Whichever is earlier.</p>	<p>Must submit CAPEX claim within 1 year from the end of eligible period of the claim or within 1 year from the date of the proportionate completion of development of Non-IT infrastructure under IT City / Township Project, whichever is later</p>	<p>The disbursement will be done in twenty (20) equal quarterly installments.</p>



<p>creating IT office space (co-working space, IT/ITeS park) in the IT city/ township.</p>	<p>§ In case the project is developed in a phased manner, then 2 years from the receipt of Occupancy Certificate / Building Use (BU) permission for the IT Office building in the last phase or 31 March 2028 Whichever is earlier.</p>		
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5. FACILITATING INFRASTRUCTURE - SEEKING RENTAL SUPPORT (ONLY NEW IT/ITES UNITS)

DESCRIPTION OF SUPPORT	ELIGIBLE PERIOD	CLAIM APPLICATION & SUBMISSION
<p>§50% of monthly rental support for the first 2 years. (Fiscal incentive limit per seat per month (INR) – 10000)</p> <p>§25 % of Monthly rental support for three to five years (Fiscal incentive limit per seat per month (INR) – 5000)</p>	<p>Fiscal support for a period of five years from the date of start of commercial operations or in-principle approval, whichever is later</p>	<p>§ Must submit first annual Rental Support claim within 1 year from the end of the eligible period of the claim.</p> <p>§ Subsequent annual Rental Support claims must be submitted before the end of the succeeding financial year</p>

6. CABLE LANDING STATION

INCENTIVE CATEGORY	DESCRIPTION OF SUPPORT	ELIGIBLE PERIOD	CLAIM APPLICATION & SUBMISSION
Capex support	<p>One-time CAPEX support of up to 25 per cent of the eligible CAPEX expenditure subject to a maximum ceiling of INR 20 Cr. The disbursement will be done in twenty (20) equal quarterly installments.</p> <p>Note: Only expenditure incurred on civil works for constructing the building of CLS along with network hardware (excluding expenditure towards cable laying and network cables) shall be admissible under GFCI.</p>	<p>From: 1st investment bill or 07-02-2022, whichever is later</p> <p>To: 2 years from the start of commercial operations</p>	<p>For New Unit and Expansion Unit: Must submit CAPEX claim within 1 year from the end of eligible period of the claim.</p>
Opex support	<p>Power tariff subsidy of INR 1/unit for a period of five years</p>	<p>5 years starting from the 'Month of Eligibility' or in-principle approval, whichever is later</p>	<p>For New unit and Expansion unit: § Must submit the OPEX claim within 2 quarters from the end of the eligible period of the claim. § Subsequently, the claim for the remaining quarters must be submitted before the end of the succeeding quarter.</p>

7. DATA CENTERS

INCENTIVE CATEGORY	DESCRIPTION OF SUPPORT	ELIGIBLE PERIOD	CLAIM APPLICATION & SUBMISSION
Capex Support	All eligible Data Centers are entitled to one-time CAPEX support of up to 25 per cent of the eligible CAPEX expenditure subject to a maximum ceiling of INR 150 Cr. The disbursement will be done in twenty (20) equal quarterly installments.	From: 1st investment bill or 07-02-2022, whichever is later. To: 2 years from the start of commercial operations	For New Unit and Expansion Unit: Must submit CAPEX claim within 1 year from the end of eligible period of the claim.
Opex Support	Power tariff subsidy of INR1/unit for a period of five years	5 years starting from the 'Month of Eligibility' or in-principle approval, whichever is later	For New unit and Expansion unit: § Must submit the OPEX claim within 2 quarters from the end of the eligible period of the claim. § Subsequently, the claim for the remaining quarters must be submitted before the end of the succeeding quarter.

8. RESEARCH & DEVELOPMENT

INCENTIVE CATEGORY	DESCRIPTION OF SUPPORT	ELIGIBLE PERIOD	CLAIM APPLICATION & SUBMISSION
Support to R&D Institutes/R&D enters established by educational institutes recognised by AICTE	All eligible R&D institutes can avail one-time CAPEX support for the purchase of equipment for setting up of R&D Center/laboratory at 60 per cent of the cost for machinery and equipment, hardware and software (COTS/license) required for research for the R&D activities subject to a maximum of INR5 Cr., provided that the R&D institute is acknowledged by Council of Scientific & Industrial Research (CSIR) / Department of Scientific and Industrial Research (DSIR) for conducting research into the desired field.	From: Issuance of in-principle Approval To: 2 years from the issuance of in-principle approval.	For New Unit and Expansion Unit: Must submit CAPEX claim within 1 year from the end of eligible period of the claim.